



DRAFT ANNUAL BUDGET OF  
**MAKHUDUTHAMAGA LOCAL  
MUNICIPALITY**

**2014/2015**

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## Abbreviations and Acronyms

BPC	Budget Planning Committee	MIG	Municipal Infrastructure Grant
CFO	Chief Financial Officer	MPRA	Municipal Properties Rates Act
MM	Municipal Manager	MSA	Municipal Systems Act
CPI	Consumer Price Index	MTEF	Medium-term Expenditure Framework
CRRF	Capital Replacement Reserve Fund	MTREF	Medium-term Revenue and Expenditure Framework
DoRA	Division of Revenue Act	NGO	Non-Governmental organisations
EE	Employment Equity	NKPIs	National Key Performance Indicators
FBS	Free basic services	OHS	Occupational Health and Safety
GAMAP	Generally Accepted Municipal Accounting Practice	OP	Operational Plan
GRAP	General Recognised Accounting Practice	PMS	Performance Management System
HR	Human Resources	PPE	Property Plant and Equipment
IDP	Integrated Development Strategy	PPP	Public Private Partnership
IT	Information Technology	RG	Restructuring Grant
km	kilometre	SALGA	South African Local Government Association
DFS	Government Financial Statistics	SDBIP	Service Delivery Budget Implementation Plan
KPA	Key Performance Area	SMME	Small Micro and Medium Enterprises
KPI	Key Performance Indicator	DOE	Department of Energy
LED	Local Economic Development		
MEC	Member of the Executive Committee		
MFMA	Municipal Financial Management Act Programme		
IGF	Internally Generated Funds		

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## 1.1 Mayor's report.

# **BUDGET SPEECH FOR FINANCIAL YEAR 2014/2015**

- Acting Speaker, honourable Cllr. Ntobeng M.M
- Members of Executive Committee
- Chief Whip of Council, honourable Cllr. Malaka Sam
- Chairperson of MPAC, honourable Cllr. Rankwe Tabane
- Chairpersons of Oversight Committee and Honourable Cllrs
- Our Traditional leaders
- Municipal Manager, Mr. Moropa Mogobadi Erick and Directors
- Municipal Officials present here and in absentia those remained in our offices.
- Invited guests
- Members of the Public present here
- The media fraternity

We greet you on this important day of the tabling of 2014/2015 Budget

Acting Speaker

It is my honour to introduce the Fourth budget of this Council under the political leadership of His Worship Mayor, Cllr Matlala Makaeya Alfred who have given us a clear challenges faced by our communities, challenge to turn things around by working together to drive back the frontiers of poverty, reduce inequality and unemployment.

Acting Speaker

The Municipal Finance Management Act No. 56 of 2003 requires the Municipal Council to table and adopt a credible budget as well as the Service Delivery and Budget Implementation Plan at least 90 days before the start of the financial year.

This budget will present a financial plan of action to fund Municipal priorities, programs and projects as identified in the Integrated Development Plan.

Acting Speaker

Our budget will be divided into Operational and Capital Expenditures which we should emphasize that those allocations are not sufficient to cover all identified needs and aspirations of our communities, but we are saying working together we can push back the frontiers of poverty, reduce unemployment and poverty.

This budget presented today will in the main address the following five key objectives:

- ✓ Service delivery
- ✓ Good Governance
- ✓ Financial Management
- ✓ Infrastructure development
- ✓ Fight against unethical practice

Our budget takes into cognisance the 2030 vision as outlined in the National Development Plan.

Acting Speaker

The application of Sound financial management principles for the Municipality's financial plan is critical to ensure that we remain financially viable and that services are sustainable, economical and equitable.

The Municipality needs to develop relevant revenue enhancement strategy to use optimally the provisions by Municipal Property Rate Act to improve the revenue generation and to reduce grant dependency by 2015/2016. This target should be a reality if we want to sustain the five key objectives I alluded to earlier.

Acting Speaker

The Medium Term Revenue and Expenditure Framework guide us that our budget should cover the period of three financial years, 204/2015, 2015/2016 and 2016/2017. The 2014/2015 budget was prepared based on a zero base principle and the tariffs for property rate will remain two (2) cents in a rand to ensure that property rate is affordable to our communities and also to encourage debtors to pay their accounts on time.

Acting Speaker

We remain steadfast in addressing the challenges of creating jobs, reducing poverty, building infrastructure and improving our financial sustainability.

An expansion in infrastructure investment is one of the central priorities of 2014/2015 budget.

Our total budget including capital and operational expenditures that we present to this Municipal Council for 2014/2015 financial year is **(R334.2m)** of which **R206.5 m** is earmarked for operational expenditure which is **61.79% of the total budget** and **R127.7 m** for Capital expenditure which is **38.21% of the total budget**.

- The total revenue has grown by **R 31 million** from **R290.5 m** in 2013/2014 to **R321.5 million** in 2014/2015. For the two outer years the total revenue will increase to **R380.3 million** in 2015/2016 and **R393.2 million** in 2016/2017. The total revenue includes the grants allocations from the National Treasury. The total revenue for 2014/15 will be backed by the internally generated funds to and amount of **R12.9 million** to fund the budgeted expenditure in excess of the budgeted revenue.

Acting Speaker

The Capital budget of **R127,7 million** for 2014/2015 financial year has went down by **15.66%** when compared to **R151.4 million** for 2013/2014 financial year.

The Capital expenditure will increase to **R159.4 million** in 2015/2016 and then decreases to **R157.3 million** in 2016/2017 financial years. Of the total capital budget for 2014/15 an amount of **R57.4 million** is funded by Municipal Infrastructure Grant (MIG) for roads and bridges and sports improvements. An amount of **R12.9 million** will be coming from the Municipality's Internally Generated Funds and the other amounts will be from Equitable Shares and own revenue sources.

The total operating expenditure for the 2014/2015 financial year has been appropriated at **R206.5 million** which has grown by **7.89%** as compared to **R191.4 million** in 2013/2014 financial year.

Acting Speaker

Our revenue for 2014/15 financial year will be derived from the following sources:

- Own revenue sources = **R 59.1 million**
- Government grants : **R 262..4 million**
- Internally generated funds which is the cash from the municipality's savings to the amount of R12.9 million will be used to fund some of the capital projects for 2014/2015 financial year.

**TOTAL : R 334.4**

Acting Speaker

**Our Capital Expenditure allocations per Department are as follows:**

1. Office of the municipal manager = R 700 000.00
2. Economic Development and Planning = R 2.1 million
3. Infrastructure Development = R 110 million
4. Community Services = R 7.6 million
5. Corporate Services = R 1 million
6. Budget & Treasury = R 5.5 million

**Our Operational Expenditure allocations per Department are as follows:**

1. Council and Mayor's Office = R 39.1 million
2. Office of the municipal manager = R 4.6 million
3. Economic Development and Planning = R 13.3 million
4. Infrastructure Development = R 42.9 million
5. Community Services = R 19.1 million

6. Corporate Services = R 16.7 million
7. Budget & Treasury = R 70.6 million

Acting Speaker

The Infrastructure development should go along with maintenance of old ones for it to remain useful and we put aside **R13.1 million** for repair and maintenance of infrastructure assets.

Acting Speaker

We take this opportunity to present the 2014/2015 financial year budget with outer years 2015/2016 and 2016/2017.

This budget is also presented together with budget related policies as prescribed by the law namely:

- Banking and Investment Policy
- Tariff Policy
- Indigent Policy
- Supply Chain Management Policy
- Budgeting Policy
- Revenue enhancement Policy
- Credit Control and Debts Policy
- Assets Management Policy

We have a budget that gives effect to the challenges you have set us, to expand infrastructure, create jobs, confront poverty and inequality.

This budget is our collective statement and many have contributed constructively.

Our sincere appreciation goes to all who provide the encouragement, criticism and ideas that keep us alert, and assist in making the Municipality work better.

Minister of Finance Pravin Gordhan said: "We will not turn away from our challenges. We must confront them boldly, and with hope. In harnessing all the resources at our disposal, we have to do more, with less, we have to work smarter and harder".

It is my honour to present this proposed budget and the current budget related policies for adoption by this council.

Thank you

## 1.2 Council resolutions



### LOCAL MUNICIPALITY

### COUNCIL RESOLUTIONS

Ref: 3/2/1/3

#### RESOLUTION No. 69

AGENDA ITEM: SC/13.3/03/2014 Draft IDP/BUDGET 2014/2015

#### RESOLUTION ON THE TABLING OF IDP/BUDGET 2014/2015-2016/2017

#### NOTING THAT:

1. The Local Government Municipal Systems Act 32 of 2000 section 34 a municipal council must review its integrated development plan annually in accordance with the assessment of its performance measurements in terms of section 41,
2. Local Government Municipal Finance Management Act 56 of 2003 section 24 the municipal council must at least 30 days before the start of the budget year consider approval of the annual budget
  - 2.1 The annual budget for the financial year 2014/2015 and the multi year and single year capital appropriations to the total amount of **R 321 515 413.58** budgeted revenue and **R334 324 140.64** budgeted expenditure. An amount of **R12 940 000.00**, the cash backed reserves (IGF) is used to fund the expenditure in excess of the budgeted revenue. Capital appropriation amount to **R 127 742 483.68** and operational expenditure amounts to **R206 581656.96** as set out in the following tables:
    - 2.1.1 Budget summary as contained in table A1
    - 2.1.2 Budgeted financial performance (revenue and expenditure by standards classification) as contained in table A2.
    - 2.1.3 Budgeted financial performance (revenue and expenditure by municipal vote) as contained in table A3
    - 2.1.4 Budgeted financial performance (revenue by source and expenditure by (revenue by source and expenditure by type) as contained in table A4.



- 2.1.5 Multi –year and single year capital appropriations by municipal votes and standards classification and associated funding by source as contained in table A5
- 2.2 The financial position, Cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:
  - 2.2.1 Budget financial position as contained in table A6
  - 2.2.2 Budget Cash flows as contained in table A7
  - 2.2.3 Cash backed reserves and accumulated surplus reconciliation as contained in table A8
  - 2.2.4 Asset management as contained in table A9
  - 2.2.5 Basic service delivery measurement as contained in table A10
3. The Council of Makhuduthamaga Local Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2014:
4. In Compliance with the above mentioned Legislations, Makhuduthamaga Municipal Council at its Special Council Meeting of 27 March 2014, held at the Municipal chamber.

**RESOLVED THAT:**

- The Draft Integrated Development Plan/Budget for 2014/2015 - 2016/2017 be adopted as tabled.
- The tariffs for property rates be two cents in a rand rate

**Mover: C/r Matlala M.A (Mayor)**

**Seconder: C/r Motseni N.L**

**Acting Speaker: C/r. Ntobeng M.M**

**Municipal Manager: Mr. ME Moropa**

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

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

Date: 31/03/2014

Date: 31/03/2014

### 1.3 Executive Summary.

#### Legislative background

The Municipal Finance Management Act No. 56 of 2003 section 16 (1), the council of a municipality must for each financial year approve an annual budget for the municipality before the start of that financial year. It is a requirement in terms of section 16 (2) that at least 90 days before the start of the financial year, the Mayor of the municipality must table in a council meeting the annual budget before the start of the financial year.

Complying with section 21 (b) of the MFMA, the mayor of Makhuduthamaga Local Municipality has tabled in a council meeting held on 8 August 2013 a time schedule outlining key deadlines for:

- (i) the preparation, tabling and approval of the annual budget;
- (ii) the annual review of—
  - the integrated development plan in terms of section 34 of the Municipal Systems Act; and
  - the budget-related policies;
- (iii) the tabling and adoption of any amendments to the Integrated Development Plan and the budget-related policies; and
- (iv) All consultative processes forming part of the processes referred to in Subparagraphs (i), (ii) and (iii).

To comply and adhere to the time schedule as adopted by council of the municipality and to comply with the MFMA requirement in terms of chapter 4 (Municipal Budgets), the Draft Annual Budget for 2014/15 and the MTREF is hereby prepared in terms of principles, Makhuduthamaga Budget policy, applicable legislations, MFMA circulars and supporting documents as detailed below.

#### Budget principles and assumptions

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

The municipality's financial management strategies and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, considering the cost containment measures as approved by the cabinet, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship. A critical review was also undertaken on expenditures of noncore and 'nice to have' items as indicated in MFMA circular number 55, 66, 67, 70 and 72.

The municipality has embarked on implementing a range of revenue enhancement strategies to improve the collection of debt owed by consumers for property rates and to generate revenue from new sources available such as waste collection. Furthermore, the municipality has budgeted to undertake a number of customer care workshops in which customers will among other thing be engaged and shown the importance of their responsibility to pay rates and to ensure the municipality truly involves all citizens in the process of ensuring a people lead government. The workshops will

also assist the municipality to gather information on challenges faced by the customers to pay their accounts on time and such information will be used by the management of the municipality to encourage and improve debt collection.

National Treasury's MFMA Circular No. 51, 54, 55, 58, 59, 66, 67, 70 and 72 were used to guide the compilation of the 2014/15 Draft Annual Budget.

- The main challenges experienced during the compilation of the 2014/15 MTREF can be summarised as follows:
  - The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and cash position of the municipality;
  - The municipality's inability to generate enough own revenue to assist in addressing the infrastructure challenges in our communities.
  
- The following budget principles and guidelines directly informed the compilation of the 2014/15 MTREF:
  - The budget was prepared on a zero base principle.
  - The annual DoRA for 2014 was considered in preparation of our draft annual budget for 2014/2015 to 2016/2017.
  - The 2013/14 Adjustment Budget priorities and targets, as well as the base line allocations contained in that Adjustment Budget were considered as the upper limits for the new baselines for the 2014/15 annual budget;
  - Only programmes and capital projects contained in the municipality's Integrated Development Plan will be budgeted for during the 2014/2015, 2015/2016 and 2016/2017 financial year to ensure that the budget remain an implementation tool for the municipality's IDP.
  - For the 2014/2015 financial year and throughout the MTREF, tariffs for property rates will remain 2 cents in a rand to make property rates affordable to our communities and to encourage debtors to pay their accounts.
  - 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;
  - Electricity projects will only be funded by the Integrated National Electrification Programme Grant (INEG).

In view of the aforementioned, the following table is a consolidated overview of the draft 2014/15 Medium-term Revenue and Expenditure Framework as compared to the past budget year:

**Table 1 Consolidated Overview of the 2014/15 MTREF**

Description	Adjusted Budget 2013/14	Budget Year 2014/15	Budget Year + 1 2015/16	Budget Year + 2 2016/17
Total Revenue	290 541 226.09	321 515 413.58	380 361 554.94	393 223 810.43
Cash backed Reserves (IGF)	52 645 126.58	12 940 000.00	-	-
<b>Total Funding</b>	<b>343 186 352.67</b>	<b>334 455 413.58</b>	<b>380 361 554.94</b>	<b>393 223 810.43</b>
Total Operating Expenditure	191 487 343.61	206 581 656.96	220 897 035.76	235 816 383.23
<b>Operating Surplus/(Deficit) for the Year</b>	<b>151 699 009.06</b>	<b>127 873 756.62</b>	<b>159 464 519.18</b>	<b>157 407 427.20</b>
Capital Expenditure	151 452 727.37	127 742 483.68	159 428 899.02	157 310 916.00
<b>Surplus/(Deficit) for the Year</b>	<b>246 281.69</b>	<b>131 272.94</b>	<b>35 620.16</b>	<b>96 511.20</b>

The municipality has budgeted a total Revenue of R 321.5 million for 2014/15 financial year, R380.3 million and R393.2 million for 2015/16 and 2016/17 respectively. Total revenue has grown by 11 per cent or R31 million for the 2014/15 financial year when compared to the 2013/14 Adjustments Budget. For the two outer years, total revenue will increase by 18 per cent and 12.9 per cent respectively, equating to a total revenue growth of R 102.7 million over the MTREF when compared to the 2013/14 financial year. The total revenue includes the grants allocations from the national treasury to the amount of R 262.4 million, own revenue sources to the amount of R 59.1 million and internally generated funds to the amount of R12.9 million will be used to fund the Capital projects in excess of the budgeted revenue.

Total operating expenditure for the 2014/15 financial year has been appropriated at R206.5 million and translates into an operating budgeted surplus of R114.9 million as indicated in table A4. This surplus is added together with R12.9 million from Cash backed Reserves to fund the capital expenditure for 2014/15 as indicated in table 1 above. When compared to the 2013/14 Adjustments Budget, operational expenditure has grown by 7.89 per cent in the 2013/14 budget and grown by 23.2 per cent by 2016/17. The operating surplus for the two outer years increase to R159.4 million for 2015/16 and R157.4 million for 2016/17 financial year. These surpluses will be used to fund capital projects.

The capital budget of R127.7 million for 2014/15 has decreased by 15.6 per cent when compared to the 2013/14 Adjustment Budget. The decrease is due to the use of Cash backed reserves to the amount of R52.6 million to implement capital projects in 2013/14. The municipality have only R12.9 million cash backed reserves available to fund capital projects in 2014/15. Due to financial constraints, some of our projects are allocated budget to be completed in two financial years as indicated in table A5.

The capital expenditure increases to R 159.4 million in the 2015/16 financial year and then decreases to R157.3 million in 2016/2017. Of the total capital budget for 2014/2015 an amount of R 57.4 million is funded by MIG for roads and bridges and Sports ground improvements. An amount of R 12.9 million from the Internally Generated Funds/Cash backed reserves will be used to fund the capital expenditure to address the service delivery backlogs and the remaining capital projects and acquisitions of new assets will be funded by equitable share to the amount of R 57.3 million

## ❖ Operating Revenue Framework

For Makhuduthamaga local municipality to continue improving the quality of services provided to its communities it needs to generate the required sustainable revenue to meet its funding requirements. 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 and high level of unemployment in our municipality. The expenditure required to address these challenges will always exceed available funding; hence difficult choices have to be made in relation to balance expenditures against realistically anticipated revenues. The fact is that, council cannot increase the property rates tariffs in the near future as we still have very low level of revenue collection for the property rates which makes 55 per cent of the total own revenue. The municipality has resolved to retain the property rates tariffs unadjusted at 2 cents in a rand.

In an attempt to ensure a strong revenue base, the municipality has also reviewed its revenue enhancement strategy to improve revenue collection in the 2014/2015 financial year and the two outer years.

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

- National Treasury's guidelines and macroeconomic policy;
- Efficient revenue management, which aims to ensure a 95 per cent annual collection rate for property rates and other key service charges;
- Determining the tariff escalation rate by establishing/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; (e.g. Waste collection project)
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the Municipality.

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

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

LIM473 Makhuduthamaga - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Revenue By Source</b>											
Property rates	2	24 906	41 358	27 660	28 813	32 378	32 378	32 378	32 378	35 616	39 178
Property rates - penalties & collection charges											
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - other											
Rental of facilities and equipment		39	93	26	100	60	60	60	60	66	73
Interest earned - external investments		3 048	3 672	3 709	4 085	6 730	6 730	6 730	7 066	7 773	8 550
Interest earned - outstanding debtors		2 945	6 745	8 938	5 251	10 361	10 361	10 361	10 361	11 398	12 537
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines		-	-	8	10	50	50	50	2 500	3 000	3 000
Licences and permits		2 399	2 466	3 791	4 848	5 059	5 059	5 059	5 565	6 122	6 734
Agency services		-	-	-	1 212	-	-	-	-	-	-
Transfers recognised - operational		114 159	128 573	145 556	160 440	160 440	160 440	160 440	185 336	231 073	234 355
Other revenue	2	1 219	704	927	9 013	1 300	1 300	1 300	1 180	1 298	1 428
Gains on disposal of PPE											
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>148 715</b>	<b>183 610</b>	<b>190 614</b>	<b>213 771</b>	<b>216 379</b>	<b>216 379</b>	<b>216 379</b>	<b>244 447</b>	<b>296 346</b>	<b>305 855</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 total revenue for the municipality excluding capital transfers amount to R244.4 million for 2014/2015, R296.3 million for 2015/2016 and R305.8 million for 2016/2017. The total operating revenue has increased by R28.1 million from 2013/2014 budget year which is as a result of increase in allocations for equitable share, FMG and MSIG grants. The total amount for operational grants to be received for 2014/15 is R 185.3 million and R 231 million and R234.3 million for 2015/16 and 2016/17 financial years respectively.

Revenue from government grants forms a significant percentage of the total operating revenue for the municipality for all of the 2014/2015 MTREF. This clearly indicate that our municipality is dependent on government grants which contribute 76 per cent of the total operating revenue in 2014/2015 budget year and 78 percent in 2015/16 and 77 in 2016/17.

Revenue generated from rates and service charges amount to R32.3 million and forms 13 per cent of the total operating revenue of the municipality for 2014/2015 and decrease to 12 per cent, for 2015/16 and increase to 13 per cent in 2016/2017 financial year.

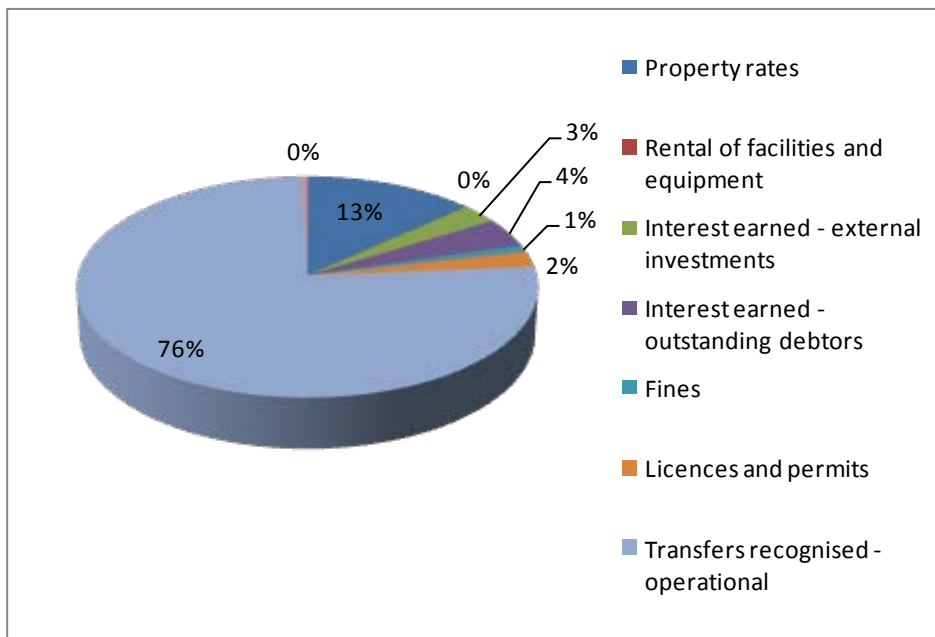


Revenue from Licenses and permits amount to R 5.5 million for 2014/15 budget year, R 6.1 million and R 6.7 million for 2015/16 and 2016/17 financial years respectively.

Other revenue consists of various items such as income received for selling tender documents and other allocations from LG SITA for skills development. Refer to table SA1 for more details.

The following graph indicates the total operational revenue per source and the percentage of each source to the total operational revenue of R 244.4 million for 2014/15 financial year:

### Revenue per source graph



### ❖ Operating Expenditure Framework

The municipality's expenditure framework for the 2014/2015 budget and MTREF is informed by the following:

- The infrastructure projects plan in the IDP to address the backlog and the repairs and maintenance plan;
- Balanced budget constraint (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;
- The capital programme is aligned to backlog eradication plan;
- Operational gains/ surpluses will be directed to funding the capital budget.
- Funding was allocated to only projects which have projects implementation plans to guard against under spending.

The following table is a high level summary of the 2014/2015 budget and MTREF (classified per main type of operating expenditure):

**Table 5 Summary of operating expenditure by standard classification item**

LIM473 Makhuduthamaga - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand											
<b>Expenditure By Type</b>											
Employee related costs	2	17 307	26 438	35 490	55 151	47 219	47 219	47 219	61 984	65 881	70 097
Remuneration of councillors		13 670	13 951	15 391	16 703	16 870	16 870	16 870	18 373	20 211	22 232
Debt impairment	3	4 049	7 222	8 660	12 563	1 638	1 638	1 638	1 638	1 638	1 638
Depreciation & asset impairment	2	10 878	9 693	13 535	24 066	13 732	13 732	13 732	15 105	16 616	18 277
Finance charges		100									
Bulk purchases	2	-	-	-	-	-	-	-	-	-	-
Other materials	8										
Contracted services		15 593	30 893	28 570	34 211	34 811	34 811	34 811	35 041	40 562	44 534
Transfers and grants		-	-	-	-	-	-	-	-	-	-
Other expenditure	4, 5	37 912	55 341	32 047	55 504	77 217	77 217	77 217	74 440	75 991	79 039
Loss on disposal of PPE											
<b>Total Expenditure</b>		<b>99 509</b>	<b>143 538</b>	<b>133 693</b>	<b>198 198</b>	<b>191 487</b>	<b>191 487</b>	<b>191 487</b>	<b>206 582</b>	<b>220 897</b>	<b>235 816</b>

### Employee Related Costs

The budget allocation for employee related costs for the 2014/2015 financial year is R61.9 million, which equals to 30 per cent of the total operating expenditure. The recent Salary and Wage Collective Agreement and MFMA Circular number 70 and 72 were taken into consideration when calculating the salary increase. The municipality budgeted 6.79% increase for 2014/2015 to be implemented from 1 July 2014 for all section 55 employees. An increase of 6.4 per cent has been included in the two outer years respectively.

The total employee related costs has increased from R47.2 million in 2013/14 adjusted budget to R61.9 million in 2014/15 which reflect a 31,14 per cent increase. This is as a result of inclusion of new positions on the municipal structure as the municipality is growing and the positions which were not funded during the adjustment budget for 2013/14. Furthermore an increase was made at 7.4% for section 57 employees for 2014/15 budget year, 6.4 per cent for 2015/16 and 2016/17 respectively.

As part of the municipality's cost reprioritization and cash management strategy to make enough funds available to fund capital projects, non critical vacancies on the municipal structure were not funded. In addition, expenditure for overtime was only budgeted for the municipal drivers, political offices personnel and traffic officers for emergencies.



### **Remuneration of Councillors**

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the municipality budget and a provision for increase for 2014/2015 have been made at 10%. For the two outer years, increase has been appropriated at 6.4 per cent for each budget year. The total costs for councillor allowances is R 18.3 million for 2014/15, R 20.2 million and R 22.2 million for 2015/16 and 2016/17 respectively.

### **Debt Impairment**

The provision of debt impairment for 2014/2015 was determined based on an annual collection rate of 95 per cent or R30.7 million and the Debt Write-off Policy of the municipality. The assumption is based on the fact that The municipality's credit control policy does not allow writing off government debts as they can afford to pay. For the 2014/15 financial year this amount equates to R1.6 million and remains the same up to 2016/17. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

### **Depreciation**

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy and GRAP 17. The projections were made taking into consideration the municipality's assets value as recorded in the 2012/13 AFS and new acquisitions for the current year 2013/14 and 2014/15 budget year. Budget appropriations in this regard is R15.1 million for the 2014/2015 financial year and equates to 8 per cent of the total operating expenditure. It increases to R 18.2 million in 2016/17 budget year.

### **Contracted Services**

Contracted services comprises of security services, cleaning services, repairs and maintenance for infrastructure assets and operating leases for office equipments and machinery. Security and cleaning services have been allocated R9.9 million and R4.5 million for 2014/15 respectively. The costs of these services increase to R12.0 million and R5.4 million by 2016/2017. Repairs and maintenance has been budgeted at 10% percent of the total operational budget and 4.49 per cent of the Asset value as per 2012/2013 AFS taking in to consideration guidelines contained in MFMA circular number 66, 67, 70 and 72. It includes repairs and maintenance for other assets at R 5.8 million and repairs and maintenance for infrastructure assets at R13.6 million (R13.6 million for Roads and bridges).

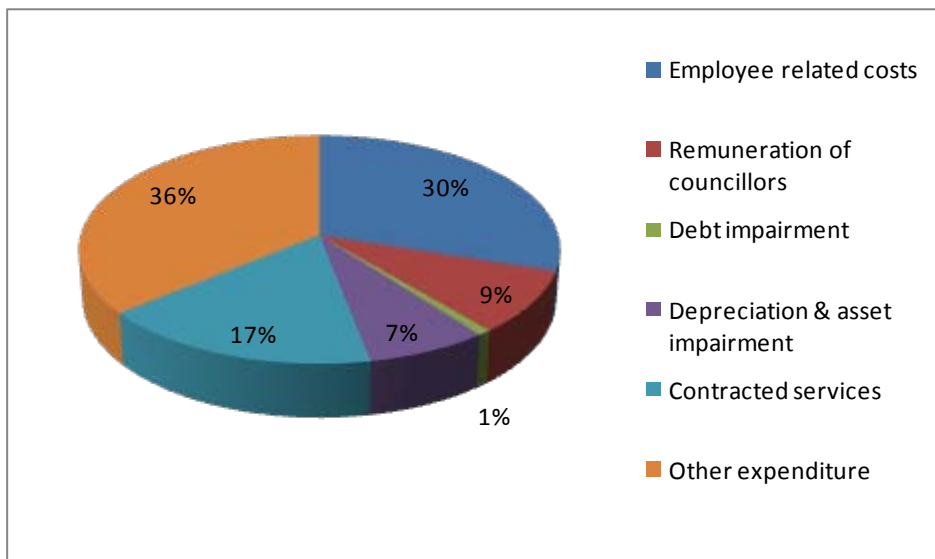
Other expenditure comprises of various line items relating to the daily operations of the municipality. Amongst other expenditures comprised in this group for 2014/2015 financial year, the municipality have budgeted incentives for ward committees at R3.7 million, training and capacity building of councillors and ward committees at R2 million, mayor's special and outreach programmes at 3 million, publications and branding of the municipality at R 2.8 million, Audit fees at R2 million, revenue collection costs at R4.5 million, bursary fund at R2.2 million, travel and accommodation at R1.9 million, acquisition of land, spatial planning and land scarping at R2 million, SMME support and LED

programmes at R2.8 million, free basic electricity at R4 million, disaster management programmes and sports and culture promotions at R1.4 million.

Furthermore, in compliance to the cost containment measures as approved by the cabinet, the municipality has reduced spending on excessive advertising, travelling, caterings, promotional materials and mandates that belong to other spheres of government for 2014/5 MTREF. For further details on other expenditure refer to table SA1

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

Table 6 Main Operational Expenditure categories for 2014/2015 financial year



### Priority given to repairs and maintenance

Considering national treasury circular number 54, 55, 58, 59, 66,67, 70 and 72 the municipality has put repairs and maintenance as one of the priorities to preserve and maintain the municipality's current infrastructure, to ensure that the existing assets are in good working conditions and to lengthen the assets life span. The 2014/15 budget and MTREF provide for a decrease in the area of asset maintenance as compared to the previous financial year 2013/14. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. In the municipality's case, all repairs and maintenance services for the infrastructure assets will be done through contracted services as indicated in table SA1 of the A schedule. The repairs and maintenance budget for 2014/15 amount to R19.4 million and R23.4 million and R25.7 million for 2015/16 and 2016/17 respectively.

Repairs and maintenance expenditure budget amounts to 9 per cent of the municipality's budgeted operational expenditure for 2014/2015 which is a requirement in terms of the National Treasury MFMA circular number 66, 67, 70 and 72 guidelines. For the two outer years, repairs and maintenance is budgeted at 11 per cent of the budgeted operational expenditure.

### **Free Basic Services: Electricity tokens**

The municipality gives free basic electricity tokens to poor households within the municipal jurisdictions to assist them as they cannot afford the electricity costs. Our municipality does not have a licence to sell electricity and therefore buys the tokens from Eskom for the affected households who registered with the municipality. To receive these free services the households are required to register in terms of the municipality's Indigent Policy. The target is to register 110 000 or more indigent households during the 2014/15 financial year, a process which is reviewed annually. Details relating to free services, cost of free basic services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table MBRR Table A10 (Basic Service Delivery Measurement)

The cost of the free basic electricity of the registered indigent households is financed through the local government equitable share received in terms of the annual Division of Revenue Act and it has been allocated at R4 million for 2014/2015, R4.2 million and R4.4 million for 2015/16 and 2016/17 respectively.

### **Capital expenditure**

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

**Table 3 2014/15 Medium-term capital budget per vote**

LIM473 Makhuduthamaga - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Capital expenditure - Vote</b>											
<b>Multi-year expenditure to be appropriated</b>	2										
Vote 1 - Council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Office of the Municipal Manager		-	-	-	-	-	-	-	-	-	-
Vote 3 - Economic Development and Planning		-	-	-	-	-	-	-	-	-	-
Vote 4 - Infrastructure Development		62 598	68 145	48 481	130 489	129 096	129 096	129 096	110 816	152 975	151 800
Vote 5 - Community Services		-	-	-	-	-	-	-	-	-	-
Vote 6 - Corporate Services		-	-	-	-	-	-	-	-	-	-
Vote 7 - Budget and Treasury		-	-	-	-	-	-	-	-	-	-
Vote 8 -		-	-	-	-	-	-	-	-	-	-
Vote 9 -		-	-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	7	62 598	68 145	48 481	130 489	129 096	129 096	129 096	110 816	152 975	151 800
<b>Single-year expenditure to be appropriated</b>	2										
Vote 1 - Council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Office of the Municipal Manager		-	-	-	-	-	-	-	700	-	-
Vote 3 - Economic Development and Planning		-	-	-	950	950	950	950	2 100	2 300	1 700
Vote 4 - Infrastructure Development		-	-	-	-	-	-	-	-	-	-
Vote 5 - Community Services		-	-	-	10 290	10 290	10 290	10 290	7 626	500	-
Vote 6 - Corporate Services		2 074	957	1 358	2 000	3 026	3 026	3 026	1 000	1 054	1 111
Vote 7 - Budget and Treasury		1 267	3 706	859	3 991	8 090	8 090	8 090	5 500	2 600	2 700
Vote 8 -		-	-	-	-	-	-	-	-	-	-
Vote 9 -		-	-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>		3 341	4 663	2 217	17 231	22 356	22 356	22 356	16 926	6 454	5 511
<b>Total Capital Expenditure - Vote</b>		65 938	72 808	50 698	147 720	151 453	151 453	151 453	127 742	159 429	157 311

## New Capital Assets

For 2014/2015 an amount of R127.7 million has been appropriated for the capital expenditure which will be funded by MIG to the amount of R57.4 million , Internally Generated Funds to the amount of R12.9 million and equitable share to the amount of R 57.3 million. For 2015/2016 and 2016/2017 the budget has been appropriated at R 159.4 million and R157.3 million respectively.

Infrastructure and development vote is appropriated the highest allocation of R 110.8 million in 2014/2015 which equates to 87 per cent of the total capital budget for 2014/15 to build roads and bridges, budget and Treasury is allocated 4% per cent of the total capital budget . The remaining 10 per cent is allocated to economic development and planning at 2 per cent, corporate services at 1 per cent and Community services at 6%. For further detailed information on the capital budget, refer to table SA 36 which provide projects names and respective ward allocations.

### **Renewal of existing Assets**

Renewal of existing assets was not allocated any funds for 2014/2015 financial year and the MTREF.

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

- Construction of roads, bridges and storm water – R 95.8 million
- Extension of municipal office buildings – 15 million
- Acquisition of Property plant and Equipment – R16.9 million

### **1.4 ANNUAL BUDGET TABLES (A1 to A10)**

The following are the ten main A schedule tables for the annual budget of Makhuduthamaga municipality for the 2014/2015 MTREF.

### 1.4.1 Table 7 MBRR A1 – Annual Budget Summary

LIM473 Makhuduthamaga - Table A1 Budget Summary

Description	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousands</b>										
<b>Financial Performance</b>										
Property rates	24 906	41 358	27 660	28 813	32 378	32 378	32 378	32 378	35 616	39 178
Service charges	-	-	-	-	-	-	-	-	-	-
Investment revenue	3 048	3 672	3 709	4 085	6 730	6 730	6 730	7 066	7 773	8 550
Transfers recognised - operational	114 159	128 573	145 556	160 440	160 440	160 440	160 440	185 336	231 073	234 355
Other own revenue	6 602	10 007	13 689	20 434	16 831	16 831	16 831	19 667	21 884	23 772
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>148 715</b>	<b>183 610</b>	<b>190 614</b>	<b>213 771</b>	<b>216 379</b>	<b>216 379</b>	<b>216 379</b>	<b>244 447</b>	<b>296 346</b>	<b>305 855</b>
Employee costs	17 307	26 438	35 490	55 151	47 219	47 219	47 219	61 984	65 881	70 097
Remuneration of councillors	13 670	13 951	15 391	16 703	16 870	16 870	16 870	18 373	20 211	22 232
Depreciation & asset impairment	10 878	9 693	13 535	24 066	13 732	13 732	13 732	15 105	16 616	18 277
Finance charges	100	-	-	-	-	-	-	-	-	-
Materials and bulk purchases	-	-	-	-	-	-	-	-	-	-
Transfers and grants	-	-	-	-	-	-	-	-	-	-
Other expenditure	57 553	93 456	69 276	102 278	113 666	113 666	113 666	111 119	118 190	125 210
<b>Total Expenditure</b>	<b>99 509</b>	<b>143 538</b>	<b>133 693</b>	<b>198 198</b>	<b>191 487</b>	<b>191 487</b>	<b>191 487</b>	<b>206 582</b>	<b>220 897</b>	<b>235 816</b>
<b>Surplus/(Deficit)</b>	<b>49 206</b>	<b>40 072</b>	<b>56 922</b>	<b>15 573</b>	<b>24 892</b>	<b>24 892</b>	<b>24 892</b>	<b>37 866</b>	<b>75 449</b>	<b>70 038</b>
Transfers recognised - capital	33 361	40 129	25 174	54 870	74 162	74 162	74 162	77 068	84 016	87 369
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>82 567</b>	<b>80 201</b>	<b>82 096</b>	<b>70 443</b>	<b>99 054</b>	<b>99 054</b>	<b>99 054</b>	<b>114 934</b>	<b>159 465</b>	<b>157 407</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>82 567</b>	<b>80 201</b>	<b>82 096</b>	<b>70 443</b>	<b>99 054</b>	<b>99 054</b>	<b>99 054</b>	<b>114 934</b>	<b>159 465</b>	<b>157 407</b>
<b>Capital expenditure &amp; funds sources</b>										
<b>Capital expenditure</b>	<b>65 938</b>	<b>72 808</b>	<b>50 698</b>	<b>147 720</b>	<b>151 453</b>	<b>151 453</b>	<b>151 453</b>	<b>127 742</b>	<b>159 429</b>	<b>157 311</b>
Transfers recognised - capital	65 938	72 808	50 698	85 717	103 798	103 798	103 798	114 802	159 429	157 311
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	-	-	-	62 003	47 655	47 655	47 655	12 940	-	-
<b>Total sources of capital funds</b>	<b>65 938</b>	<b>72 808</b>	<b>50 698</b>	<b>147 720</b>	<b>151 453</b>	<b>151 453</b>	<b>151 453</b>	<b>127 742</b>	<b>159 429</b>	<b>157 311</b>
<b>Financial position</b>										
Total current assets	144 811	170 553	231 280	201 076	229 246	229 246	229 246	262 742	298 156	335 891
Total non current assets	207 445	163 487	200 650	288 977	289 418	289 418	289 418	375 902	513 831	644 729
Total current liabilities	27 274	29 498	44 142	31 900	31 900	31 900	31 900	26 746	30 426	31 450
Total non current liabilities	-	2 180	3 330	3 252	3 252	3 252	3 252	3 252	3 252	3 252
Community wealth/Equity	324 981	302 362	384 458	454 901	483 512	483 512	483 512	598 445	757 910	915 317
<b>Cash flows</b>										
Net cash from (used) operating	55 906	63 626	97 561	86 980	118 883	118 883	118 883	107 376	147 845	143 425
Net cash from (used) investing	(46 323)	(57 921)	(50 698)	(147 720)	(151 453)	(151 453)	(151 453)	(127 742)	(159 429)	(157 311)
Net cash from (used) financing	-	203	(138)	-	-	-	-	-	-	-
<b>Cash/cash equivalents at the year end</b>	<b>74 761</b>	<b>80 670</b>	<b>127 395</b>	<b>66 656</b>	<b>94 825</b>	<b>94 825</b>	<b>94 825</b>	<b>74 459</b>	<b>62 875</b>	<b>48 989</b>
<b>Cash backing/surplus reconciliation</b>										
Cash and investments available	74 761	80 670	127 395	66 656	94 825	94 825	94 825	74 459	62 875	48 989
Application of cash and investments	(4 472)	29 498	(55 760)	(53 611)	(57 185)	(57 185)	(57 185)	(43 657)	(54 069)	(66 131)
<b>Balance - surplus (shortfall)</b>	<b>79 233</b>	<b>51 172</b>	<b>183 155</b>	<b>120 267</b>	<b>152 010</b>	<b>152 010</b>	<b>152 010</b>	<b>118 116</b>	<b>116 944</b>	<b>115 120</b>
<b>Asset management</b>										
Asset register summary (WDV)	207 445	163 487	200 650	288 977	289 418	258 577	375 902	375 902	513 831	644 729
Depreciation & asset impairment	10 878	9 693	13 535	24 066	13 732	13 732	15 105	15 105	16 616	18 277
Renewal of Existing Assets	-	-	-	7 300	3 300	3 300	3 300	4 000	-	-
Repairs and Maintenance	11 507	15 940	13 988	19 806	20 206	20 206	19 487	19 487	23 478	25 768
<b>Free services</b>										
Cost of Free Basic Services provided	2 000	2 500	3 102	4 000	4 000	4 000	4 000	4 000	4 216	4 444
Revenue cost of free services provided	-	-	-	-	-	-	-	-	-	-
<b>Households below minimum service level</b>										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-

### 1.4.2 Table MBRR A2 – Budgeted Financial Performance (Standard Classification)

LIM473 Makhuduthamaga - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Revenue - Standard</b>										
<i>Governance and administration</i>		182 076	223 739	215 789	268 641	290 541	290 541	321 515	380 362	393 224
Executive and council		-	-	-	-	-	-	-	-	-
Budget and treasury office		182 076	223 739	215 789	268 641	290 541	290 541	321 515	380 362	393 224
Corporate services		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		-	-	-	-	-	-	-	-	-
Community and social services		-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	-	-	-	-	-	-	-	-
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	-	-	-	-	-	-	-	-
Electricity		-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
<b>Total Revenue - Standard</b>	2	182 076	223 739	215 789	268 641	290 541	290 541	321 515	380 362	393 224
<b>Expenditure - Standard</b>										
<i>Governance and administration</i>		81 858	103 259	99 051	127 588	123 800	123 800	131 148	136 851	148 416
Executive and council		25 062	26 167	29 699	35 439	35 862	35 862	43 809	44 819	48 912
Budget and treasury office		33 300	51 186	53 712	75 646	71 638	71 638	70 630	74 867	81 211
Corporate services		23 496	25 906	15 640	16 503	16 300	16 300	16 710	17 165	18 293
<i>Community and public safety</i>		7 476	10 699	11 215	16 182	14 489	14 489	15 993	16 643	17 754
Community and social services		2 582	10 699	11 215	4 544	4 089	4 089	5 760	6 113	6 488
Sport and recreation		890	-	-	1 300	1 300	1 300	600	600	700
Public safety		3 545	-	-	10 032	8 820	8 820	9 633	9 931	10 566
Housing		458	-	-	306	280	280	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		7 531	29 580	23 427	38 581	39 626	39 626	31 783	35 757	36 544
Planning and development		3 068	3 508	5 025	13 955	13 970	13 970	13 326	10 808	10 285
Road transport		4 463	26 072	18 402	24 626	25 656	25 656	18 458	24 949	26 260
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		2 645	-	-	15 847	13 572	13 572	27 657	31 645	33 102
Electricity		1 137	-	-	9 870	7 863	7 863	24 508	28 729	29 709
Water		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		1 508	-	-	5 977	5 709	5 709	3 149	2 916	3 393
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
<b>Total Expenditure - Standard</b>	3	99 509	143 538	133 693	198 198	191 487	191 487	206 582	220 897	235 816
<b>Surplus/(Deficit) for the year</b>		82 567	80 201	82 096	70 443	99 054	99 054	114 934	159 465	157 407

### 1.4.3 Table MBRR A3 – Budgeted Financial Performance (Municipal Vote)

LIM473 Makhuduthamaga - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Revenue by Vote</b>	1									
Vote 1 - Coucil		-	-	-	-	-	-	-	-	-
Vote 2 - Office of the Municipal Manager		-	-	-	-	-	-	-	-	-
Vote 3 - Economic Development and Planning		-	-	-	-	-	-	-	-	-
Vote 4 - Infrastructure Development		-	-	-	-	-	-	-	-	-
Vote 5 - Community Services		-	-	-	-	-	-	-	-	-
Vote 6 - Corporate Services		-	-	-	-	-	-	-	-	-
Vote 7 - Budget and Treasury		182 076	223 739	215 789	268 641	290 541	290 541	321 515	380 362	393 224
Vote 8 -		-	-	-	-	-	-	-	-	-
Vote 9 -		-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	2	182 076	223 739	215 789	268 641	290 541	290 541	321 515	380 362	393 224
<b>Expenditure by Vote to be appropriated</b>	1									
Vote 1 - Coucil		22 089	23 337	26 669	31 365	31 703	31 703	39 183	40 031	44 148
Vote 2 - Office of the Municipal Manager		2 973	2 830	3 030	4 075	4 160	4 160	4 626	4 787	4 765
Vote 3 - Economic Development and Planning		3 068	3 508	5 025	13 955	13 970	13 970	13 326	10 808	10 285
Vote 4 - Infrastructure Development		6 058	26 072	18 402	34 802	33 798	33 798	42 966	53 679	55 969
Vote 5 - Community Services		8 526	10 699	11 215	21 854	19 919	19 919	19 142	19 559	21 147
Vote 6 - Corporate Services		23 496	25 906	15 640	16 503	16 300	16 300	16 710	17 165	18 293
Vote 7 - Budget and Treasury		33 300	51 186	53 712	75 646	71 638	71 638	70 630	74 867	81 211
Vote 8 -		-	-	-	-	-	-	-	-	-
Vote 9 -		-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>	2	99 509	143 538	133 693	198 198	191 487	191 487	206 582	220 897	235 816
<b>Surplus/(Deficit) for the year</b>	2	82 567	80 201	82 096	70 443	99 054	99 054	114 934	159 465	157 407



### 1.4.4 Table MBRR A4 – Budgeted Financial Performance (Operational Revenue and Expenditure)

LIM473 Makhuduthamaga - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Revenue By Source</b>											
Property rates	2	24 906	41 358	27 660	28 813	32 378	32 378	32 378	32 378	35 616	39 178
Property rates - penalties & collection charges											
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - other											
Rental of facilities and equipment		39	93	26	100	60	60	60	60	66	73
Interest earned - external investments		3 048	3 672	3 709	4 085	6 730	6 730	6 730	7 066	7 773	8 550
Interest earned - outstanding debtors		2 945	6 745	8 938	5 251	10 361	10 361	10 361	10 361	11 398	12 537
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines		-	-	8	10	50	50	50	2 500	3 000	3 000
Licences and permits		2 399	2 466	3 791	4 848	5 059	5 059	5 059	5 565	6 122	6 734
Agency services		-	-	-	1 212	-	-	-	-	-	-
Transfers recognised - operational		114 159	128 573	145 556	160 440	160 440	160 440	160 440	185 336	231 073	234 355
Other revenue	2	1 219	704	927	9 013	1 300	1 300	1 300	1 180	1 298	1 428
Gains on disposal of PPE											
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>148 715</b>	<b>183 610</b>	<b>190 614</b>	<b>213 771</b>	<b>216 379</b>	<b>216 379</b>	<b>216 379</b>	<b>244 447</b>	<b>296 346</b>	<b>305 855</b>
<b>Expenditure By Type</b>											
Employee related costs	2	17 307	26 438	35 490	55 151	47 219	47 219	47 219	61 984	65 881	70 097
Remuneration of councillors		13 670	13 951	15 391	16 703	16 870	16 870	16 870	18 373	20 211	22 232
Debt impairment	3	4 049	7 222	8 660	12 563	1 638	1 638	1 638	1 638	1 638	1 638
Depreciation & asset impairment	2	10 878	9 693	13 535	24 066	13 732	13 732	13 732	15 105	16 616	18 277
Finance charges		100									
Bulk purchases	2	-	-	-	-	-	-	-	-	-	-
Other materials	8										
Contracted services		15 593	30 893	28 570	34 211	34 811	34 811	34 811	35 041	40 562	44 534
Transfers and grants		-	-	-	-	-	-	-	-	-	-
Other expenditure	4, 5	37 912	55 341	32 047	55 504	77 217	77 217	77 217	74 440	75 991	79 039
Loss on disposal of PPE											
<b>Total Expenditure</b>		<b>99 509</b>	<b>143 538</b>	<b>133 693</b>	<b>198 198</b>	<b>191 487</b>	<b>191 487</b>	<b>191 487</b>	<b>206 582</b>	<b>220 897</b>	<b>235 816</b>
<b>Surplus/(Deficit)</b>											
Transfers recognised - capital		49 206	40 072	56 922	15 573	24 892	24 892	24 892	37 866	75 449	70 038
Contributions recognised - capital		33 361	40 129	25 174	54 870	74 162	74 162	74 162	77 068	84 016	87 369
Contributed assets	6	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>82 567</b>	<b>80 201</b>	<b>82 096</b>	<b>70 443</b>	<b>99 054</b>	<b>99 054</b>	<b>99 054</b>	<b>114 934</b>	<b>159 465</b>	<b>157 407</b>
Taxation											
<b>Surplus/(Deficit) after taxation</b>		<b>82 567</b>	<b>80 201</b>	<b>82 096</b>	<b>70 443</b>	<b>99 054</b>	<b>99 054</b>	<b>99 054</b>	<b>114 934</b>	<b>159 465</b>	<b>157 407</b>
Attributable to minorities											
<b>Surplus/(Deficit) attributable to municipality</b>		<b>82 567</b>	<b>80 201</b>	<b>82 096</b>	<b>70 443</b>	<b>99 054</b>	<b>99 054</b>	<b>99 054</b>	<b>114 934</b>	<b>159 465</b>	<b>157 407</b>
Share of surplus/ (deficit) of associate	7										
<b>Surplus/(Deficit) for the year</b>		<b>82 567</b>	<b>80 201</b>	<b>82 096</b>	<b>70 443</b>	<b>99 054</b>	<b>99 054</b>	<b>99 054</b>	<b>114 934</b>	<b>159 465</b>	<b>157 407</b>

### 1.4.5 Table 11 MBRR A5 – Budgeted Capital Expenditure (By Vote & Standard Classification)

LIM473 Makhuduthamaga - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousand</b>	1										
<b>Capital expenditure - Vote</b>											
<b>Multi-year expenditure to be appropriated</b>	2										
Vote 1 - Coucil		-	-	-	-	-	-	-	-	-	-
Vote 2 - Office of the Municipal Manager		-	-	-	-	-	-	-	-	-	-
Vote 3 - Economic Development and Planning		-	-	-	-	-	-	-	-	-	-
Vote 4 - Infrastructure Development		62 598	68 145	48 481	130 489	129 096	129 096	129 096	110 816	152 975	151 800
Vote 5 - Community Services		-	-	-	-	-	-	-	-	-	-
Vote 6 - Corporate Services		-	-	-	-	-	-	-	-	-	-
Vote 7 - Budget and Treasury		-	-	-	-	-	-	-	-	-	-
Vote 8 -		-	-	-	-	-	-	-	-	-	-
Vote 9 -		-	-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	7	62 598	68 145	48 481	130 489	129 096	129 096	129 096	110 816	152 975	151 800
<b>Single-year expenditure to be appropriated</b>	2										
Vote 1 - Coucil		-	-	-	-	-	-	-	-	-	-
Vote 2 - Office of the Municipal Manager		-	-	-	-	-	-	-	700	-	-
Vote 3 - Economic Development and Planning		-	-	-	950	950	950	950	2 100	2 300	1 700
Vote 4 - Infrastructure Development		-	-	-	-	-	-	-	-	-	-
Vote 5 - Community Services		-	-	-	10 290	10 290	10 290	10 290	7 626	500	-
Vote 6 - Corporate Services		2 074	957	1 358	2 000	3 026	3 026	3 026	1 000	1 054	1 111
Vote 7 - Budget and Treasury		1 267	3 706	859	3 991	8 090	8 090	8 090	5 500	2 600	2 700
Vote 8 -		-	-	-	-	-	-	-	-	-	-
Vote 9 -		-	-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>		3 341	4 663	2 217	17 231	22 356	22 356	22 356	16 926	6 454	5 511
<b>Total Capital Expenditure - Vote</b>		65 938	72 808	50 698	147 720	151 453	151 453	151 453	127 742	159 429	157 311
<b>Capital Expenditure - Standard</b>											
<b>Governance and administration</b>		3 341	4 663	2 217	5 991	11 116	11 116	11 116	7 200	3 654	3 811
Executive and council		-	-	-	-	-	-	-	700	-	-
Budget and treasury office		1 267	3 706	859	3 991	8 090	8 090	8 090	5 500	2 600	2 700
Corporate services		2 074	957	1 358	2 000	3 026	3 026	3 026	1 000	1 054	1 111
<b>Community and public safety</b>		4 505	3 469	-	12 790	10 790	10 790	10 790	18 026	20 500	10 000
Community and social services		-	-	-	1 380	1 380	1 380	1 380	-	-	-
Sport and recreation		-	-	-	6 410	6 410	6 410	6 410	-	-	-
Public safety		-	-	-	2 500	2 500	2 500	2 500	3 026	500	-
Housing		4 505	3 469	-	2 500	500	500	500	15 000	20 000	10 000
Health		-	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		34 835	64 676	48 481	128 940	129 547	129 547	129 547	97 916	135 275	143 500
Planning and development		-	-	-	950	950	950	950	2 100	2 300	1 700
Road transport		34 835	64 676	48 481	127 989	128 596	128 596	128 596	95 816	132 975	141 800
Environmental protection		-	-	-	-	-	-	-	-	-	-
<b>Trading services</b>		23 258	-	-	-	-	-	-	4 600	-	-
Electricity		23 258	-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	4 600	-	-
<b>Other</b>		-	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Standard</b>	3	65 938	72 808	50 698	147 720	151 453	151 453	151 453	127 742	159 429	157 311
<b>Funded by:</b>											
National Government		65 938	72 808	50 698	85 717	103 798	103 798	103 798	114 802	159 429	157 311
Provincial Government		-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	65 938	72 808	50 698	85 717	103 798	103 798	103 798	114 802	159 429	157 311
Public contributions & donations	5	-	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		-	-	-	62 003	47 655	47 655	47 655	12 940	-	-
<b>Total Capital Funding</b>	7	65 938	72 808	50 698	147 720	151 453	151 453	151 453	127 742	159 429	157 311

### 1.4.6 Table MBRR A6 – Budgeted Financial Position

LIM473 Makhuduthamaga - Table A6 Budgeted Financial Position

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>ASSETS</b>											
<b>Current assets</b>											
Cash		74 761	80 670	127 395	66 656	94 825	94 825	94 825	64 259	42 475	18 389
Call investment deposits	1	-	-	-	-	-	-	-	-	-	-
Consumer debtors	1	35 025	71 160	93 557	122 994	122 994	122 994	122 994	176 660	223 674	275 389
Other debtors		-	18 216	9 949	11 193	11 193	11 193	11 193	11 193	11 193	11 193
Current portion of long-term receivables											
Inventory	2	35 025	507	378	234	234	234	234	430	415	320
<b>Total current assets</b>		<b>144 811</b>	<b>170 553</b>	<b>231 280</b>	<b>201 076</b>	<b>229 246</b>	<b>229 246</b>	<b>229 246</b>	<b>252 542</b>	<b>277 756</b>	<b>305 291</b>
<b>Non current assets</b>											
Long-term receivables											
Investments											
Investment property		-	1 172	1 172	1 172	1 172	1 172	1 172	1 172	1 172	1 172
Investment in Associate											
Property, plant and equipment	3	207 445	161 489	199 092	287 442	287 883	287 883	287 883	374 366	512 296	626 743
Agricultural											
Biological											
Intangible		-	827	387	364	364	364	364	364	364	364
Other non-current assets											
<b>Total non current assets</b>		<b>207 445</b>	<b>163 487</b>	<b>200 650</b>	<b>288 977</b>	<b>289 418</b>	<b>289 418</b>	<b>289 418</b>	<b>375 902</b>	<b>513 831</b>	<b>628 278</b>
<b>TOTAL ASSETS</b>		<b>352 256</b>	<b>334 040</b>	<b>431 930</b>	<b>490 053</b>	<b>518 664</b>	<b>518 664</b>	<b>518 664</b>	<b>628 443</b>	<b>791 588</b>	<b>933 569</b>
<b>LIABILITIES</b>											
<b>Current liabilities</b>											
Bank overdraft	1										
Borrowing	4	-	-	-	-	-	-	-	-	-	-
Consumer deposits											
Trade and other payables	4	27 274	29 498	44 142	31 900	31 900	31 900	31 900	26 746	30 426	15 000
Provisions											
<b>Total current liabilities</b>		<b>27 274</b>	<b>29 498</b>	<b>44 142</b>	<b>31 900</b>	<b>31 900</b>	<b>31 900</b>	<b>31 900</b>	<b>26 746</b>	<b>30 426</b>	<b>15 000</b>
<b>Non current liabilities</b>											
Borrowing		-	203	78	-	-	-	-	-	-	-
Provisions		-	1 977	3 252	3 252	3 252	3 252	3 252	3 252	3 252	3 252
<b>Total non current liabilities</b>		<b>-</b>	<b>2 180</b>	<b>3 330</b>	<b>3 252</b>	<b>3 252</b>	<b>3 252</b>	<b>3 252</b>	<b>3 252</b>	<b>3 252</b>	<b>3 252</b>
<b>TOTAL LIABILITIES</b>		<b>27 274</b>	<b>31 679</b>	<b>47 472</b>	<b>35 152</b>	<b>35 152</b>	<b>35 152</b>	<b>35 152</b>	<b>29 998</b>	<b>33 678</b>	<b>18 252</b>
<b>NET ASSETS</b>	5	<b>324 981</b>	<b>302 362</b>	<b>384 458</b>	<b>454 901</b>	<b>483 512</b>	<b>483 512</b>	<b>483 512</b>	<b>598 445</b>	<b>757 910</b>	<b>915 317</b>
<b>COMMUNITY WEALTH/EQUITY</b>											
Accumulated Surplus/(Deficit)		324 981	302 362	384 458	454 901	483 512	483 512	483 512	598 445	757 910	915 317
Reserves	4	-	-	-	-	-	-	-	-	-	-
Minorities' interests											
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	5	<b>324 981</b>	<b>302 362</b>	<b>384 458</b>	<b>454 901</b>	<b>483 512</b>	<b>483 512</b>	<b>483 512</b>	<b>598 445</b>	<b>757 910</b>	<b>915 317</b>

## Explanatory Notes: Table A6

### Borrowing

The municipality does not have bank overdrafts, or any bank borrowings. The amount reflecting under borrowing is the Finance lease for Office equipments which lapsed in February 2014.

### 1.4.7 Table MBRR A7 – Budgeted Cash Flows

LIM473 Makhuduthamaga - Table A7 Budgeted Cash Flows

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>											
<b>Receipts</b>											
Ratepayers and other		28 559	-	39 909	31 383	32 669	32 669	32 669	19 505	20 686	21 434
Government - operating	1	114 143	121 137	145 556	160 440	160 440	160 440	160 440	185 336	231 073	234 355
Government - capital	1	33 401	40 129	25 174	54 870	54 870	54 870	54 870	77 068	84 016	87 369
Interest		5 394	3 672	3 709	4 085	6 730	6 730	6 730	7 066	7 773	8 550
Dividends		-	-	-	-	-	-	-	-	-	-
<b>Payments</b>											
Suppliers and employees		(125 591)	(101 302)	(116 774)	(163 797)	(135 826)	(135 826)	(135 826)	(181 599)	(195 703)	(208 284)
Finance charges			(9)	(13)							
Transfers and Grants	1										
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>55 906</b>	<b>63 626</b>	<b>97 561</b>	<b>86 980</b>	<b>118 883</b>	<b>118 883</b>	<b>118 883</b>	<b>107 376</b>	<b>147 845</b>	<b>143 425</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>											
<b>Receipts</b>											
Proceeds on disposal of PPE			660								
Decrease (Increase) in non-current debtors											
Decrease (Increase) other non-current receivables		(28 559)									
Decrease (Increase) in non-current investments											
<b>Payments</b>											
Capital assets		(17 764)	(58 581)	(50 698)	(147 720)	(151 453)	(151 453)	(151 453)	(127 742)	(159 429)	(157 311)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(46 323)</b>	<b>(57 921)</b>	<b>(50 698)</b>	<b>(147 720)</b>	<b>(151 453)</b>	<b>(151 453)</b>	<b>(151 453)</b>	<b>(127 742)</b>	<b>(159 429)</b>	<b>(157 311)</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			203	(138)							
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>-</b>	<b>203</b>	<b>(138)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>		<b>9 583</b>	<b>5 909</b>	<b>46 225</b>	<b>(60 740)</b>	<b>(32 570)</b>	<b>(32 570)</b>	<b>(32 570)</b>	<b>(20 366)</b>	<b>(11 584)</b>	<b>(13 886)</b>
Cash/cash equivalents at the year begin:	2	65 178	74 761	80 670	127 395	127 395	127 395	127 395	94 825	74 459	62 875
Cash/cash equivalents at the year end:	2	74 761	80 670	127 395	66 656	94 825	94 825	94 825	74 459	62 875	48 989

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

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. It can be seen that the cash levels of the municipality fell significantly over the 2013/14 budget year which also contribute to the net decrease in cash held for 2014/2015 budget year.
4. The 2014/15 MTREF provide for a further net decrease in cash of R30.5 million for the 2014/15 financial year and R24 million in 2016/17. However this does not result in a negative cash position as the municipality have a favorable cash balance at the beginning of each year.
5. Cash Flow from Operating activities;
  - 5.1 Cash from rate payers and other consist of the revenue receipts from the following sources:
    - Property rates debtors = R 10.2 million
    - Tender documents and site rental = R 1.2 million
    - Licenses and Permits = R 5.5 million
    - Traffic fines = R 2.5 million

### 1.4.8 Table MBRR A8 – Cash backed reserves/Accumulated surplus reconciliation

LIM473 Makhuduthamaga - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Cash and investments available</b>											
Cash/cash equivalents at the year end	1	74 761	80 670	127 395	66 656	94 825	94 825	94 825	74 459	62 875	48 989
Other current investments > 90 days		-	-	-	-	-	-	-	-	-	-
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
<b>Cash and investments available:</b>		<b>74 761</b>	<b>80 670</b>	<b>127 395</b>	<b>66 656</b>	<b>94 825</b>	<b>94 825</b>	<b>94 825</b>	<b>74 459</b>	<b>62 875</b>	<b>48 989</b>
<b>Application of cash and investments</b>											
Unspent conditional transfers		-	4 638	25 823	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	(4 472)	24 860	(81 583)	(53 611)	(57 185)	(57 185)	(57 185)	(43 657)	(54 069)	(66 131)
Other provisions		-	-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
<b>Total Application of cash and investments:</b>		<b>(4 472)</b>	<b>29 498</b>	<b>(55 760)</b>	<b>(53 611)</b>	<b>(57 185)</b>	<b>(57 185)</b>	<b>(57 185)</b>	<b>(43 657)</b>	<b>(54 069)</b>	<b>(66 131)</b>
<b>Surplus(shortfall)</b>		<b>79 233</b>	<b>51 172</b>	<b>183 155</b>	<b>120 267</b>	<b>152 010</b>	<b>152 010</b>	<b>152 010</b>	<b>118 116</b>	<b>116 944</b>	<b>115 120</b>

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

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. From the table it can be seen that for the period 2014/15 to 2016/17 the municipality's budget is properly funded and reflect surplus.
6. Considering the requirements of section 18 of the MFMA, it can be concluded that the 2014/15 MTREF was fully funded.

### 1.4.9 Table MBRR table A9 – Asset Management

LIM473 Makhuduthamaga - Table A9 Asset Management

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousand</b>										
<b>CAPITAL EXPENDITURE</b>										
<b>Total New Assets</b>	1	65 938	58 250	50 691	140 420	148 153	148 153	123 742	159 429	157 311
Infrastructure - Road transport		34 835	50 119	42 543	120 689	125 296	125 296	91 816	132 975	141 800
Infrastructure - Electricity		23 258	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		58 093	50 119	42 543	120 689	125 296	125 296	91 816	132 975	141 800
Community		-	-	5 940	7 790	7 381	7 381	700	1 200	400
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	7 845	8 131	2 207	11 941	15 475	15 475	31 226	25 254	15 111
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
<b>Total Renewal of Existing Assets</b>	2	-	-	-	7 300	3 300	3 300	4 000	-	-
Infrastructure - Road transport		-	-	-	7 300	3 300	3 300	4 000	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	7 300	3 300	3 300	4 000	-	-
Community		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	-	-	-	-	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure</b>	4	34 835	50 119	42 543	127 989	128 596	128 596	95 816	132 975	141 800
Infrastructure - Road transport		23 258	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		58 093	50 119	42 543	127 989	128 596	128 596	95 816	132 975	141 800
Community		-	-	5 940	7 790	7 381	7 381	700	1 200	400
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	7 845	8 131	2 207	11 941	15 475	15 475	31 226	25 254	15 111
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
<b>TOTAL CAPITAL EXPENDITURE - Asset class</b>	2	65 938	58 250	50 691	147 720	151 453	151 453	127 742	159 429	157 311
<b>ASSET REGISTER SUMMARY - PPE (WDV)</b>										
Infrastructure - Road transport	5	185 646	139 722	177 696	256 601	257 042	226 201	342 440	485 842	627 682
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		11 895	-	-	-	-	-	-	-	-
Infrastructure		197 541	139 722	177 696	256 601	257 042	226 201	342 440	485 842	627 682
Community		-	-	-	-	-	-	-	-	-
Heritage assets		-	1 172	1 172	1 172	1 172	1 172	1 172	1 172	1 172
Investment properties		-	-	-	-	-	-	-	-	-
Other assets		9 904	21 767	21 396	30 841	30 841	30 841	31 926	26 454	15 511
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	827	387	364	364	364	364	364	364
<b>TOTAL ASSET REGISTER SUMMARY - PPE (WDV)</b>	5	207 445	163 487	200 650	288 977	289 418	258 577	375 902	513 831	644 729
<b>EXPENDITURE OTHER ITEMS</b>										
<b>Depreciation &amp; asset impairment</b>	3	10 878	9 693	13 535	24 066	13 732	13 732	15 105	16 616	18 277
<b>Repairs and Maintenance by Asset Class</b>		11 507	15 940	13 988	19 806	19 706	19 706	19 487	23 478	25 768
Infrastructure - Road transport		11 507	15 940	13 988	17 500	17 500	17 500	13 100	19 100	21 100
Infrastructure - Electricity		-	-	-	500	500	500	500	600	650
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		11 507	15 940	13 988	18 000	18 000	18 000	13 600	19 700	21 750
Community		-	-	-	800	800	800	200	250	300
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6, 7	-	-	-	1 006	906	906	5 687	3 528	3 718
<b>TOTAL EXPENDITURE OTHER ITEMS</b>		22 385	25 633	27 523	43 872	33 438	33 438	34 592	40 093	44 045
<b>Renewal of Existing Assets as % of total capex</b>		0.0%	0.0%	0.0%	4.9%	2.2%	2.2%	3.1%	0.0%	0.0%
<b>Renewal of Existing Assets as % of deprechn"</b>		0.0%	0.0%	0.0%	30.3%	24.0%	24.0%	26.5%	0.0%	0.0%
<b>R&amp;M as a % of PPE</b>		5.5%	9.9%	7.0%	6.9%	6.8%	6.8%	5.2%	4.6%	4.0%
<b>Renewal and R&amp;M as a % of PPE</b>		6.0%	10.0%	7.0%	9.0%	8.0%	9.0%	6.0%	5.0%	4.0%

**1.4.11 Table 16 MBRR table A10 – Basic Service delivery measurement**

LIM473 Makhuduthamaga - Table A10 Basic service delivery measurement

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Household service targets</b>	1									
<b>Water:</b>										
Piped water inside dwelling		-	-	-	-	-	-	-	-	-
Piped water inside yard (but not in dwelling)		-	-	-	-	-	-	-	-	-
Using public tap (at least min.service level)	2	-	-	-	-	-	-	-	-	-
Other water supply (at least min.service level)	4	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Using public tap (< min.service level)	3	-	-	-	-	-	-	-	-	-
Other water supply (< min.service level)	4	-	-	-	-	-	-	-	-	-
No water supply		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
<b>Total number of households</b>	5	-	-	-	-	-	-	-	-	-
<b>Sanitation/sewerage:</b>										
Flush toilet (connected to sewerage)		-	-	-	-	-	-	-	-	-
Flush toilet (with septic tank)		-	-	-	-	-	-	-	-	-
Chemical toilet		-	-	-	-	-	-	-	-	-
Pit toilet (ventilated)		-	-	-	-	-	-	-	-	-
Other toilet provisions (> min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Bucket toilet		-	-	-	-	-	-	-	-	-
Other toilet provisions (< min.service level)		-	-	-	-	-	-	-	-	-
No toilet provisions		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
<b>Total number of households</b>	5	-	-	-	-	-	-	-	-	-
<b>Energy:</b>										
Electricity (at least min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
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>Refuse:</b>										
Removed at least once a week		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Removed less frequently than once a week		-	-	-	-	-	-	-	-	-
Using communal refuse dump		-	-	-	-	-	-	-	-	-
Using own refuse dump		-	-	-	-	-	-	-	-	-
Other rubbish disposal		-	-	-	-	-	-	-	-	-
No rubbish disposal		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
<b>Total number of households</b>	5	-	-	-	-	-	-	-	-	-
<b>Households receiving Free Basic Service</b>	7									
Water (6 kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free minimum level service)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per household per month)		9 000	9 981	9 981	9 981	9 981	9 981	9 981	9 981	9 981
Refuse (removed at least once a week)		-	-	-	-	-	-	-	-	-
<b>Cost of Free Basic Services provided (R'000)</b>	8									
Water (6 kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free sanitation service)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per household per month)		2 000	2 500	3 102	4 000	4 000	4 000	4 000	4 216	4 444
Refuse (removed once a week)		-	-	-	-	-	-	-	-	-
<b>Total cost of FBS provided (minimum social package)</b>		2 000	2 500	3 102	4 000	4 000	4 000	4 000	4 216	4 444
<b>Highest level of free service provided</b>										
Property rates (R value threshold)		-	-	-	-	-	-	-	-	-
Water (kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (Rand per household per month)		-	-	-	-	-	-	-	-	-
Electricity (kwh per household per month)		50	50	50	50	50	50	50	50	50
Refuse (average litres per week)		-	-	-	-	-	-	-	-	-
<b>Revenue cost of free services provided (R'000)</b>	9									
Property rates (R15 000 threshold rebate)		-	-	-	-	-	-	-	-	-
Property rates (other exemptions, reductions and rebates)		-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-
Sanitation		-	-	-	-	-	-	-	-	-
Electricity/other energy		-	-	-	-	-	-	-	-	-
Refuse		-	-	-	-	-	-	-	-	-
Municipal Housing - rental rebates		-	-	-	-	-	-	-	-	-
Housing - top structure subsidies	6	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
<b>Total revenue cost of free services provided (total social package)</b>		-	-	-	-	-	-	-	-	-



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

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
2. The municipality continues to make good progress with the eradication of backlogs on services that are within the functions of the municipality in terms of the South African Constitution and Municipal Systems Act. The municipality performs only the function of providing indigents registered in the municipality's indigent register with electricity tokens (Free Basic Electricity) and the other basic services as listed in table A10 are performed by the Greater Sekhukhune District Municipality. It must be noted also that as the municipality does not sell electricity, but purchase the electricity from Eskom, therefore the revenue costs for providing free basic electricity is Zero.
3. The following are the services that are provided by the district municipality and hence, no information has been completed on the table A10 of the municipality's Annual budget for 2014/2015 MTREF:
  - a. Water services
  - b. Sanitation services
  - c. Electricity services
  - d. Refuse services
4. The budget provides for 110 000 households to be registered as indigent in 2014/15, and therefore entitled to receiving Free Basic Services. It is anticipated that these Free Basic Services will cost the municipality R4 million in 2014/15, increasing to R4.2 million in 2014/15 and R4.4 million in 2015/2016. This is covered by the municipality's equitable share allocation from national government.
5. The municipality does not have any revenue foregone for Property rates.

## PART 2 – SUPPORTING DOCUMENTS

### 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 of the municipality consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the Portfolio chairperson for Finance.

The primary aims of the Budget Steering Committee are 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.

#### 2.1.1 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 2010) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required IDP and budget time schedule on 08 August 2013. Key dates applicable to the process were as follows. Progress has also been indicated per targeted due dates:

Month	Activity	Target date	Progress
<b>PREPARATORY PHASE</b>			
JULY 2013	<ul style="list-style-type: none"> <li>○ Review of previous year's IDP/Budget process</li> <li>○ Exco provides political guidance over the budget process and priorities that must inform preparations of the budget</li> <li>○ Compilation of updated ward based data</li> </ul>	JULY 2013	<ul style="list-style-type: none"> <li>✓ IDP/Budget process plan was prepared and finalised on 31 July 2013.</li> <li>✓ 4<sup>th</sup> quarter performance review lekgotla was held on 24<sup>th</sup> July 2013 at</li> </ul>

	<ul style="list-style-type: none"> <li>○ IDP/Budget Steering Committee meeting</li> <li>○ 4<sup>th</sup> Quarter Performance Lekgotla (2012-13)</li> </ul>		Jane Furse Library.
August 2013	<ul style="list-style-type: none"> <li>○ Ward to Ward based data collection</li> <li>○ Collate information from ward based data</li> <li>○ Submit Annual Financial Statements for 2012/13 to AG</li> <li>○ Submit Process Plan for 2014/15 to Council</li> <li>○ Submit 2012/13 cumulative Performance Report to AG and Council Structures</li> <li>○ <b>Operational Risk Assessment for 2013/2014</b></li> </ul>	August 2013	<ul style="list-style-type: none"> <li>✓ Program on data collection noted by council and referred to Office of the Speaker for coordination but never materialise</li> <li>✓ Annual financial Statements for 2012/13 were submitted to AGSA, National Treasury and Provincial Treasury on 31 August 2013.</li> <li>✓ IDP/Budget process plan was adopted on 08 August 2013.</li> </ul>
<b>Month</b>	<b>Activity</b>	<b>Target date</b>	
<b>ANALYSIS PHASE</b>			
September 2013	<ul style="list-style-type: none"> <li>○ Council determines strategic objectives for service delivery through IDP review processes and the development of the next 3 year budget (including review of sector department plan)</li> <li>○ Consult with provincial and national sector departments on sector specific programmes for alignment (libraries, schools, clinics, water, electricity, roads, sanitation, etc.)</li> <li>○ Finalise ward based data compilation</li> <li>○ Update Council Structures on updated data</li> </ul>	September 2013	Consultation with sector department on sector specific programmes done in conjunction with the SDM
<b>Month</b>	<b>Activity</b>	<b>Target date</b>	
<b>STRATEGIES PHASE</b>			
October 2013	<ul style="list-style-type: none"> <li>○ Quarterly (1<sup>st</sup>) review of the 2013/14 budget, related policies, amendments (if necessary), any related process</li> <li>○ Begin preliminary preparations on proposed budget for 2014/15 financial year</li> <li>○ 1<sup>st</sup> Quarter Performance Lekgotla (2013/14)</li> </ul>	October 2013	
<b>Month</b>	<b>Activity</b>	<b>Target date</b>	

<b>PROJECTS PHASE</b>			
November 2013	<ul style="list-style-type: none"> <li>○ Confirm IDP Projects with District and Sector departments</li> <li>○ Review and effect changes on the initial IDP draft</li> </ul>	November 2013	Meeting to confirm IDP projects with Sector department is scheduled for 06 February 2014 by Office of the Premiere Effecting changes on the initial IDP Draft is continuous, Draft sent to all Directors on the 27 <sup>th</sup> January 2013
<b>Month</b>	<b>Activity</b>	<b>Target date</b>	
<b>INTEGRATION PHASE</b>			
December 2013	<ul style="list-style-type: none"> <li>○ Table Draft 2012/13 Annual Report to Council</li> <li>○ Review budget performance and prepare for adjustment</li> <li>○ Consolidated Analysis Phase in Place</li> <li>○ IDP/Budget Steering Committee meeting</li> <li>○ IDP Representative Forum</li> </ul>	December 2013	Consolidated analysis phase was emailed to all Directors during December 2013 and hard copies sent to all on the 27 <sup>th</sup> January 2014. IDP Rep Forum was scheduled for December 2013 and postponed to 09 January 2014 but all never materialise
January 2014	<ul style="list-style-type: none"> <li>○ Table Draft 2012/13 Annual Report to Council</li> <li>○ Submit Draft Annual Report to AG,PT and CoGHSTA</li> <li>○ Publish Draft Annual Report in the Municipal jurisdiction (website etc)</li> <li>○ Prepare Oversight Report for 2012/13 financial year</li> <li>○ Mid-Year Performance Lekgotla / Strategic Planning Session (Review of IDP/Budget, related policies)</li> </ul>	January 2014	Mid- year performance Lekgotla took place on the 23 January 2013
<b>Month</b>	<b>Activity</b>	<b>Target date</b>	
February 2014	<ul style="list-style-type: none"> <li>○ Table Budget Adjustment (if necessary)</li> <li>○ Submission of Draft IDP/Budget for 2014/15 to Management</li> <li>○ Submission of Draft IDP/Budget and other plans to Portfolio committees</li> <li>○ Submission of Draft IDP/Budget to EXCO</li> </ul>	February 2014	2014/15 Draft IDP/Budget will be submitted to Management, Portfolio committees and Exco during February 2014
March 2014	<ul style="list-style-type: none"> <li>○ Council considers the 2014/15 Draft IDP/Budget</li> <li>○ Publish the 2014/15 IDP/Budget for</li> </ul>	March 2014	Draft 2014/15 IDP/Budget will be noted by Council before end of March 2014

	<p>public comments</p> <ul style="list-style-type: none"> <li>o Adoption Oversight Report for 2012/13</li> </ul>		
	<b>APPROVAL PHASE</b>		
April 2014	<ul style="list-style-type: none"> <li>o Submit 2014/15 Draft IDP/Budget to the National Treasury, Provincial Treasury and CoGHSTA in both printed and electronic formats</li> <li>o Consultation with National and Provincial Treasuries, community participation and stakeholder consultation</li> <li>o Submission of IDP/Budget for 2014/15 to Council structures with incorporated comments from the consultative process and taking into account 3<sup>rd</sup> quarterly review of the current year</li> <li>o <b>Strategic Risk Assessment for 2014/2015</b></li> <li>o 3<sup>rd</sup> Quarter Performance Lekgotla (2013/14)</li> </ul>	April 2014	Noted Draft 2014/15 IDP/Budget will be submitted to sector departments within 10 days after noted by Council. Consultations on the Draft IDP/Budget will be done during April and May 2014
May 2014	<ul style="list-style-type: none"> <li>o Submission of Final Draft of IDP/Budget for 2014/15 to the Council for approval</li> <li>o Prepare SDBIP for 2014/15</li> <li>o Develop Performance Agreements (Performance Plans) of MM and Senior Managers for 2014/15 Performance year</li> <li>o <b>Operational Risk assessment for 2014/2015</b></li> </ul>	May 2014	Draft 2014/15 IDP/Budget will be submitted to council for approval before end of May 2014
June 2014	<ul style="list-style-type: none"> <li>o Submission of approved IDP/Budget to MEC for CoGHSTA /National and Provincial treasury and to SDM</li> <li>o Submission of the SDBIP to the Mayor</li> <li>o Submission of the 2014/15 Performance Agreement to the Mayor</li> <li>o Notice and summary of approved budget in Gazette and Local Newspaper</li> <li>o Notice of approved Service Delivery and Budget Implementation Plan Local newspaper/gazette</li> </ul>	June 2014	Approved 2014/15 IDP/Budget will be submitted to Sector departments within 10 days of its adoption

## 2.1.2 IDP and Service Delivery and Budget Implementation Plan

This is the third review of the IDP as adopted by Council in May 2011. It started in September 2013 after the tabling of the IDP Process Plan and the Budget Time Schedule for the 2014/15 MTREF in August 2013.

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

## 2.1.3 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2014/15 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2014/15 MTREF:

- Municipality's growth
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e inflation, Eskom increases, household debt, migration patterns)
- Performance trends
- The approved 2013/14 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels
- Investment possibilities
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 51 and 54, 55, 58, 59, 66, 67, 70 and 72 has been taken into consideration in the planning and prioritisation process.

## 2.1.4 Community Consultation

The consultation schedule for draft 2014/15 MTREF as tabled before Council on 27 March 2014 is published on the municipality’s website, and hard copies were made available at customer care offices, municipal notice boards and the municipality’s community libraries.

All documents in the appropriate format (electronic and printed) will be provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to ensure that their inputs were incorporated in the budget and for monitoring purposes.

Ward Committees are utilised to facilitate the community consultation process. The applicable dates and venues which have been published on municipality’s websites, notice boards and the local community radio station are as follows and on average attendance is expected to be at 250 people per meeting. Individual sessions are scheduled with organised businesses and other stakeholders to further ensure transparency and interaction. Other stakeholders involved in the consultation include churches, non-governmental institutions, local chiefs, traditional healer’s youth, people with disabilities and community-based organisations.

### Consultation notice and timetable.

#### 2014/ 2015 IDP/ BUDGET STAKEHOLDERS CONSULTATION PROGRAMME

TARGET STAKEHOLDERS	VENUES	DATES
Magoshi	<b>Council Chamber</b>	<b>03/04/2014</b>
Ward 24, 25, 26, 27, 28, 29, 30 & 31	<b>Nkgonyeletse Ground</b>	<b>07/04/2014</b>
Ward 12, 13, 14, 15, 16, 17, 22 & 23	<b>Malegale Ground</b>	<b>08/04/2014</b>
Special focus (Youth, Women, Elderly & People with Disability)	<b>Council Chamber</b>	<b>09/04/2014</b>
Ward 9, 10, 11, 18, 19, 20 & 21	<b>Mokwete Ground</b>	<b>10/01/2014</b>
Traditional Healers, HIV/AIDS Council, Council Chamber,	<b>Council Chamber</b>	<b>11/01/2014</b>



NGOs, CBOs, Safety Council		
Ward 1, 2, 3, 4, 5, 6, 7 & 8	<b>Glen Cowie Sports Ground</b>	<b>14/04/2014</b>
EXCO	<b>Boardroom</b>	<b>15/04/2014</b>
Portfolio Committee	<b>Council Chamber</b>	<b>17/04/2014</b>
MLM Council/ Adoption of Second Draft 2014/2015	<b>Municipal Chamber</b>	<b>30/04/2014</b>

**NB: Starting time is 09H00 AM**

Submissions received during the community consultation process and additional information regarding revenue and expenditure and individual capital projects will be addressed, and where relevant considered as part of the final budget for the 2014/15 MTREF.

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

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

Our municipal IDP that provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the municipal council, was first adopted on 31 May 2011. This plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. The municipality's IDP is therefore a key instrument which was used to provide vision, leadership and direction to all those that have a role to play in the development of the municipality. The IDP enables the municipality to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.



The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the municipality's response to these requirements.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's five strategic objectives for the 2014/15 MTREF and further planning refinements that have directly informed the compilation of the budget:

**Table 17 IDP Strategic Objectives**

<b>2014/2015 Financial year</b>	<b>2015/2016 Financial year</b>
To maximally harness opportunities for revenue generation	To provide sustainable waste management infrastructure
To improve institutional capacity for MLM to achieve its municipal objectives	To facilitate provision of bulk infrastructure in areas earmarked for development
To improve access to viable roads, facilitate tarring and possibility	To create an enabling environment to stimulate economic growth and development by 2014
To facilitate provision of post connection to 3861 households by 2014	To maximise natural resources for tourism promotion
To facilitate provision of adequate public transport	To reduce high grant dependency
To facilitate for provision of educational facilities and equipments	To intensify HIV/AIDS awareness
To provide safe and clean environment	To ensure improved Land Use Management

In order to ensure integrated and focused service delivery between all spheres of government it was important for the municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

1. Provision of quality basic services and infrastructure which includes, amongst others:
  - Provide waste removal;
  - Provide roads and storm water;
  - Provide municipal planning services; and
  - Maintaining the infrastructure of the municipality.

2. Economic growth and development that leads to sustainable job creation by:
  - Ensuring there is a clear structural plan for the municipality;
  - Ensuring planning processes function in accordance with set timeframes;
  - Facilitating the use of labour intensive approaches through the EPWP programme in the delivery of services and the building of infrastructure.
  
- 3.1 Fight poverty and build clean, healthy, safe and sustainable communities:
  - Effective implementation of the Indigent Policy;
  - Working with the provincial department of health to assist on matters affecting primary health care.
  - Extending waste removal services and ensuring effective municipal cleansing;
  - Working with strategic partners such as SAPS to address crime;
  - Ensuring safe working environments by effective enforcement of building and health regulations;
  - Promote viable, sustainable communities through proper zoning; and
  - Promote environmental sustainability by protecting wetlands and key open spaces.
  
- 3.2 Integrated Social Services for empowered and sustainable communities
  - Work with provincial departments to ensure the development of community infrastructure such as schools and clinics is properly co-ordinated.
  - Provision of bursaries for well deserving students who are financially needy.
  
4. Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service by:
  - Optimising effective community participation in the ward committee system; and
  - Implementing Batho Pele in the revenue management strategy.
  
- 5.1 Promote sound governance and transparency through:
  - Publishing the outcomes of all tender processes on the municipal website
  
- 5.2 Ensure financial sustainability through:
  - Reviewing the use of contracted services
  - Continuing to implement the infrastructure management strategy and the repairs and maintenance plan
  
- 5.3 Optimal institutional transformation to ensure capacity to achieve set objectives
  - Review of the organizational structure to optimize the use of personnel;

The 2014/15 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

**Table 18 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue**

LIM473 Makhuduthamaga - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

Strategic Objective	Goal	Goal Code	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17	
R thousand													
To improve investment of surplus cash.	Increase revenue generation through interests on investments.			3 048	3 672	3 709	4 085	6 730	6 730	7 066	7 773	8 550	
To maximally harness opportunities for revenue generation	Improved collection rate on interests for overdue accounts.			2 945	6 745	8 938	5 251	10 361	10 361	10 361	11 398	12 537	
	Improved revenue collection rate for property rates debtors			24 906	41 358	27 660	28 813	32 378	32 378	32 378	35 616	39 178	
	Improved collection rate at the municipal testing stations.			2 399	2 466	3 791	6 059	5 059	5 059	5 565	6 122	6 734	
	Receipt of the total equitable share grant allocated for our municipality			111 869	126 283	143 213	157 000	157 000	157 000	181 770	228 456	231 637	
	Receipt of total allocation of FMG grant.			1 500	1 500	1 500	1 550	1 550	1 550	1 600	1 650	1 700	
	Receipt of total allocation of MSIG grant.			750	790	800	890	890	890	934	967	1 018	
	Receipt of total allocation of MIG grant.			28 401	30 129	24 383	49 870	70 954	70 954	57 452	60 520	63 198	
	Improved revenue collection on rental of municipal assets.			39	93	26	100	60	60	60	66	73	
	Improve collection rate on VAT input and other revenue			1 219	704	927	9 013	1 300	1 300	1 180	1 298	1 428	
	Receipt of total allocation of EPWP grant.			-	-	43	1 000	1 000	1 000	1 032	-	-	
	Receipt of total allocation of DOE grant.			5 000	10 000	792	5 000	3 208	3 208	19 616	23 496	24 171	
	To maximise adherence to roads laws and regulations.			-	-	8	10	50	50	2 500	3 000	3 000	
Allocations to other priorities			2										
<b>Total Revenue (excluding capital transfers and contributions)</b>				1	182 076	223 739	215 789	268 641	290 541	290 541	321 515	380 362	393 224

**Table 19 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted Operational Expenditure.**

LIM473 Makhuduthamaga - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

Strategic Objective	Goal	Goal Code	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17	
R thousand													
To strengthen institutional efficiency and governance	improved and efficient institutional governance			2 973	2 830	3 030	4 075	4 160	4 160	4 626	4 787	4 765	
To facilitate for improved service delivery	Improved service delivery and eradication of service delivery backlog.			6 058	26 072	18 402	34 802	33 798	33 798	42 966	53 679	55 969	
To create environment that stimulate economic growth and development	improved economic growth			3 068	3 508	5 025	13 955	13 970	13 970	13 326	10 808	10 285	
To promote effective and efficient revenue and expenditure management	financially viable municipality			33 300	51 186	53 712	75 646	71 638	71 638	70 630	74 867	81 211	
To strengthen institutional efficiency and promote good governance.	Practice of good governance			45 585	49 243	42 309	47 867	48 002	48 002	55 893	57 197	62 441	
To facilitate for improved service delivery	Improved service delivery and eradication of service delivery backlog.			8 526	10 699	11 215	21 854	19 919	19 919	19 142	19 559	21 147	
Allocations to other priorities													
<b>Total Expenditure</b>				<b>1</b>	<b>99 509</b>	<b>143 538</b>	<b>133 693</b>	<b>198 198</b>	<b>191 487</b>	<b>191 487</b>	<b>206 582</b>	<b>220 897</b>	<b>235 816</b>

**Table 20 MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted Operational Expenditure.**

LIM473 Makhuduthamaga - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

Strategic Objective	Goal	Goal Code	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17	
R thousand													
To strengthen institutional efficiency and governance	improved and efficient institutional governance	A		-	-	-	-	-	-	700	-	-	
To facilitate for improved service delivery	Improved service delivery and eradication of service delivery backlog.	B		62 598	68 145	48 481	130 489	129 096	129 096	110 816	152 975	151 800	
To create environment that stimulate economic growth and development	improved economic growth	C		-	-	-	950	950	950	2 100	2 300	1 700	
To promote effective and efficient revenue and expenditure management	financially viable municipality	D		1 267	3 706	859	3 991	8 090	8 090	5 500	2 600	2 700	
To strengthen institutional efficiency and promote good governance.	Practice of good governance	E		2 074	957	1 358	2 000	3 026	3 026	1 000	1 054	1 111	
To facilitate for improved service delivery	Improved service delivery and eradication of service delivery backlog.	F		-	-	-	10 290	10 290	10 290	7 626	500	-	
		G											
Allocations to other priorities			3										
<b>Total Capital Expenditure</b>				1	65 938	72 808	50 698	147 720	151 453	151 453	127 742	159 429	157 311

**2.3 Measurable performance objectives and indicators**

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

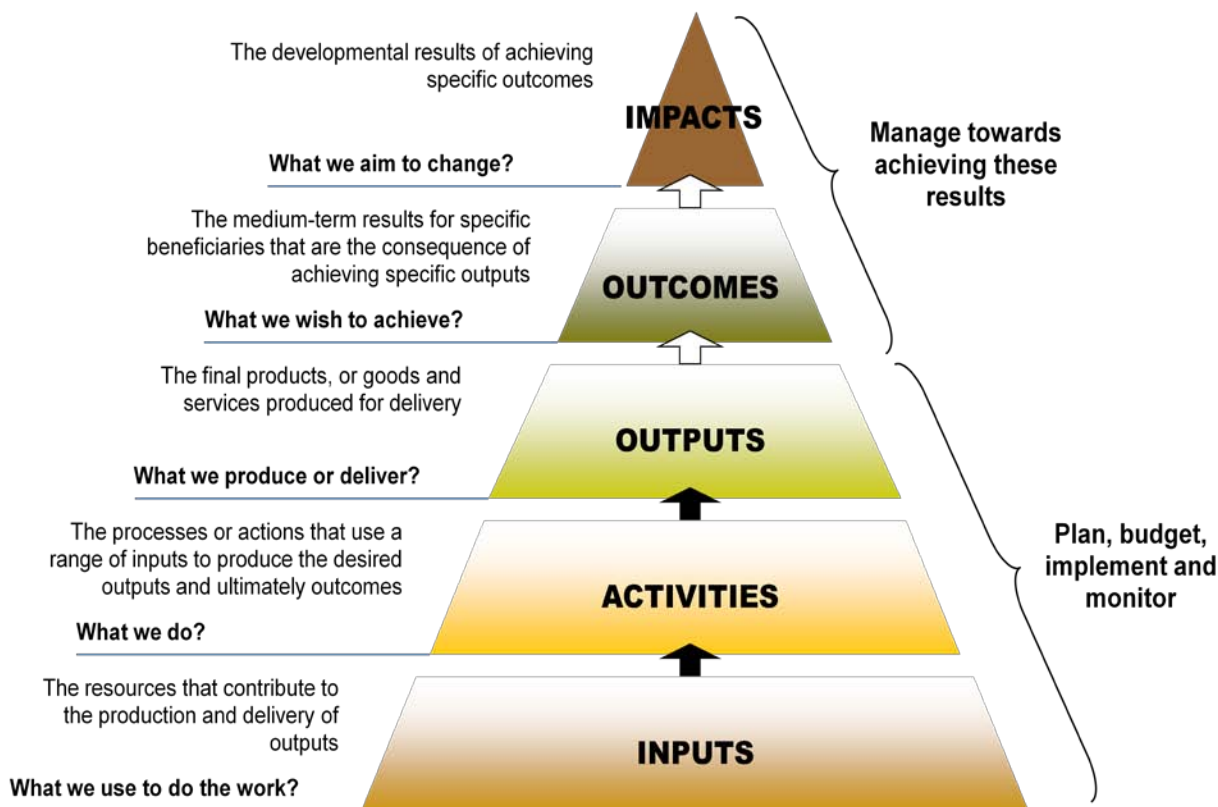
At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance

information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages.

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

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

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



**Figure 1 Definition of performance information concepts**

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

**Table 21 MBRR Table SA8 - Performance indicators and benchmarks**

LIM473 Makhuduthamaga - Supporting Table SA8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Borrowing Management</b>											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.1%	-0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	0.3%	-0.4%	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Safety of Capital</b>											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Liquidity</b>											
Current Ratio	Current assets/current liabilities	5.3	5.8	5.2	6.3	7.2	7.2	7.2	9.4	9.1	9.7
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	5.3	5.8	5.2	6.3	7.2	7.2	7.2	9.4	9.1	9.7
Liquidity Ratio	Monetary Assets/Current Liabilities	2.7	2.7	2.9	2.1	3.0	3.0	3.0	2.4	1.4	0.6
<b>Revenue Management</b>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		0.0%	0.0%	96.5%	63.7%	66.4%	66.4%	66.4%	17.9%	18.2%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		90.6%	0.0%	96.5%	63.7%	66.4%	66.4%	66.4%	17.9%	18.2%	17.8%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	23.6%	48.7%	54.3%	62.8%	62.0%	62.0%	62.0%	76.8%	79.3%	93.7%
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%	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%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Creditors to Cash and Investments		36.5%	30.8%	14.4%	47.9%	33.6%	33.6%	33.6%	41.6%	71.6%	171.0%
<b>Other Indicators</b>											
Electricity Distribution Losses (2)	Total Volume Losses (kW)	0	0	0	0	0	0	0	0	0	0
	Total Cost of Losses (Rand '000)	0	0	0	0	0	0	0	0	0	0
Water Distribution Losses (2)	% Volume (units purchased and generated less units sold)/units purchased and generated	0	0	0	0	0	0	0	0	0	0
	Total Volume Losses (kℓ)	0	0	0	0	0	0	0	0	0	0
Employee costs	Total Cost of Losses (Rand '000)	0	0	0	0	0	0	0	0	0	0
	% Volume (units purchased and generated less units sold)/units purchased and generated	0	0	0	0	0	0	0	0	0	0
Employee costs	Employee costs/(Total Revenue - capital revenue)	11.6%	14.4%	18.6%	25.8%	21.8%	21.8%	21.8%	25.4%	22.2%	22.9%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	23.1%	22.0%	26.7%	33.6%	29.6%	29.6%	29.6%	7.5%	6.8%	7.3%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	7.7%	8.7%	7.3%	9.3%	9.1%	9.1%	9.1%	8.0%	7.9%	8.4%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	7.4%	5.3%	7.1%	11.3%	6.3%	6.3%	6.3%	6.2%	5.6%	6.0%
<b>IDP regulation financial viability indicators</b>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	10.0	14.3	11.0	7.9	7.9	7.9	7.9	7.6	7.6	8.4
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	140.4%	215.6%	373.9%	464.1%	413.7%	413.7%	413.7%	579.1%	658.2%	730.1%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	13.6	9.6	15.2	5.7	8.7	8.7	8.7	5.3	3.2	1.3



### 2.3.1 Performance indicators and benchmarks

#### 2.3.1.1 *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. Our municipality is not planning to make use of borrowed funds to fund its capital expenditure for 2014/2015 MTREF due to poor own revenue collection rate.

#### 2.3.1.2 *Safety of Capital*

- *The debt-to-equity ratio* is a financial ratio indicating the relative proportion of equity and debt used in financing the municipality's assets. The indicator is based on the total of loans, creditors, and overdraft and tax provisions as a percentage of funds and reserves. The debt equity ratio of our municipality remains at 0:1 or zero per cent for 2014/2015 as our municipality does not have borrowings or overdraft and the ratio remain stable for the two outer years.

#### 2.3.1.3 *Liquidity*

- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the municipality has set a limit of 1, hence at no point in time should this ratio be less than 1. For the 2012/13 financial year the current ratio is 5.2 as per the audited annual financial statements for 30 June 2013. For the 2013/14 financial year, it is estimated to be at 7.2. It is further estimated to be at 9.4, 9.1 and 9.7 for 2014/15 and the two outer years of the 2014/15 MTREF respectively. Going forward it will be necessary to maintain these levels.
- *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to settle its current liabilities as they fall due. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1 or more. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the 2014/15 MTREF our municipality ratio indicates that we will be able to meet our creditor obligations. This is also supported by the cash flow projections appropriated to ensure that cash out flow is always covered by cash inflow or availability of surplus funds to settle the obligations.

#### 2.3.1.4 *Revenue Management*

- As part of the financial sustainability strategy, an aggressive revenue management framework has been put in place 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.

- The significant percentage of our debtors are government departments which did not pay their accounts because of various reasons provided to the municipality which includes budget issues and lack of certain information from the municipality 's side. We have worked hard to compile all information required to prove the accuracy of the billings and submitted it to all affected departments.

#### 2.3.1.5 *Creditors Management*

- The municipality has managed to ensure that creditors are settled within the legislated 30 days of the receipt of the invoice in the previous financial year. As our liquidity ratio is in good order we will not encounter cash flow problems to ensure a 100 per cent compliance rate to this legislative obligation in 2014/15 and the MTREF. 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.

#### 2.3.1.6 *Other Indicators*

- Employee costs as a percentage of operating revenue continues to increase for the 2014/15 MTREF as the municipality is filling critical vacancies to assist in efficient acceleration of service delivery to address the municipality's backlog.
- Similar to that of employee costs, repairs and maintenance as percentage of operating revenue is also increasing to ensure that the municipality's existing assets are properly maintained and repaired to lengthen their life span and to keep them in good working conditions.

### **2.3.2 Free Basic Services: basic electricity tokens for indigent households**

The free basic electricity token assists residents that have difficulty paying for electricity services and are registered as indigent households in terms of the Indigent Policy of the municipality.

For the 2013/14 financial year registered indigents have been provided with a fifty (50) KWh token per household per month at a total cost R4 million to the municipality. The cost of free basic electricity remained unchanged at R4 million for 2014/2015 financial year and increases to R 4.2 million and R 4.4 million in 2015/16 and 2016/17 respectively. The total amount of units provided per household remains at 50 KWh for the 2014/15 MTREF.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table 16 MBRR A10 (Basic Service Delivery Measurement)

## **2.4 Overview of budget related-policies**

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

### **2.4.1 Review of credit control and debt collection procedures/policies**

The Debt Collection Policy as approved by Council in May 2013 is currently under review. While the adopted policy is credible, sustainable, manageable and informed by affordability and value for money there has been a need to review the tariff for property rates and certain components to encourage our customers to pay their accounts as they complained with current rate and to achieve a higher collection rate. In addition emphasis will be placed on speeding up the indigent registration process to ensure that credit control and debt collection efforts are not fruitlessly wasted on these debtors.

As most of the indigents within the municipal area are unable to pay for municipal services because they are unemployed, the municipality is planning to introduce an Integrated Indigent Exit Programme which aims to link the registered indigent households to development, skills and job opportunities. The programme also seeks to ensure that all departments as well as external role players are actively involved in the reduction of the number of registered indigent households.

The 2014/15 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 64 per cent on current debtors. In addition the collection of debt in excess of 90 days has been prioritised as a pertinent strategy in increasing the municipality's cash levels. In addition, the potential of a payment incentive scheme is being investigated and if found to be viable will be incorporated into the policy.

### **2.4.2 Budget Adjustment Policy**

The adjustments budget process is governed by various provisions in the MFMA and the Budget policy of the municipality which is aimed at instilling and establishing an increased level of discipline, responsibility and accountability in the financial management practices of municipalities. To ensure that the municipality continues to deliver on its core mandate and achieves its developmental goals, the mid-year review and adjustment budget process is utilised to ensure that underperforming functions are identified and funds redirected to performing functions. The Budget and Viament policy of the municipality is under review and will be submitted to council in May 2014 for approval.

### **2.4.3 Supply Chain Management Policy**

The Supply Chain Management Policy was adopted by Council in May 2012. This policy is under review and the amended policy will be considered by Council in due course of which the amendments will be extensively consulted on.

#### **2.4.4 Budget and Virement Policy**

The Budget and Virement Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the municipality's system of delegations. The Budget and Virement Policy was approved by Council in May 2013 and is still under review. The reviewed policy will be submitted to council for approval in May 2014.

#### **2.4.5 Cash Management and Investment Policy**

The municipality's Cash Management and Investment Policy was adopted by Council in May 2013. The aim of the policy is to ensure that the municipality's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and cash equivalents required at any point in time and introduces time frames to achieve certain benchmarks. The policy is under review and will be submitted to council for approval in May 2014.

#### **2.4.6 Tariff Policies**

The municipality's tariff policy provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery. The policy was adopted by council on May 2013 and is currently under review. The reviewed policy will be submitted to council for approval in May 2014.

### **2.5 Overview of budget assumptions**

#### **2.5.1 External factors**

Owing to the economic slowdown, financial resources are limited due to reduced payment levels by consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the municipality's available cash.

#### **2.5.2 General inflation outlook and its impact on the municipal activities**

There are five key factors that have been taken into consideration in the compilation of the 2014/15 MTREF:

- National Government macro economic targets;
- The general inflationary outlook and the impact on municipality's residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for electricity and water; and
- The increase in the cost of remuneration.

#### **2.5.3 Interest rates for borrowing and investment of funds**

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions. The municipality is not planning to use borrowing to fund its capital projects and therefore no interests are to be paid. The municipality is forecasting to have surplus cash for investment and cash management and investment policy will be applied when investing such funds to generate revenue.

#### **2.5.4 Collection rate for revenue services**

The municipality's assumption is that, the reduction of the property rates tariff implemented from 1 July 2012 will be affordable to the rate payers and collection will increase significantly as compared to the previous years.

The rate of revenue collection is currently expressed as a percentage (31per cent) of annual billings. Cash flow for 2014/15 is expected to be 32 per cent of billings, plus an increased collection of arrear debt from the revised collection and credit control policy.

#### **2.5.5 Salary increases**

We have budgeted salary increases as per the collective agreement and National Treasury Circular number 72. We budgeted an increase of 6.79 per cent, 6.4 per cent and 6.4 per cent for 2014/2015, 2015/2016 and 2016/2017 respectively for all employees with exclusion of Section 56 employees and councilors.

#### **2.5.6 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:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

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.

## 2.6 Overview of budget funding

### 2.6.1 Medium-term outlook: operating revenue

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

**Table 22 Breakdown of the operating revenue over the medium-term**

LIM473 Makhuduthamaga - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Revenue By Source</b>											
Property rates	2	24 906	41 358	27 660	28 813	32 378	32 378	32 378	32 378	35 616	39 178
Property rates - penalties & collection charges											
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - other											
Rental of facilities and equipment		39	93	26	100	60	60	60	60	66	73
Interest earned - external investments		3 048	3 672	3 709	4 085	6 730	6 730	6 730	7 066	7 773	8 550
Interest earned - outstanding debtors		2 945	6 745	8 938	5 251	10 361	10 361	10 361	10 361	11 398	12 537
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines		-	-	8	10	50	50	50	2 500	3 000	3 000
Licences and permits		2 399	2 466	3 791	4 848	5 059	5 059	5 059	5 565	6 122	6 734
Agency services		-	-	-	1 212	-	-	-	-	-	-
Transfers recognised - operational		114 159	128 573	145 556	160 440	160 440	160 440	160 440	185 336	231 073	234 355
Other revenue	2	1 219	704	927	9 013	1 300	1 300	1 300	1 180	1 298	1 428
Gains on disposal of PPE											
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>148 715</b>	<b>183 610</b>	<b>190 614</b>	<b>213 771</b>	<b>216 379</b>	<b>216 379</b>	<b>216 379</b>	<b>244 447</b>	<b>296 346</b>	<b>305 855</b>

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The municipality derives most of its operational revenue from the transfers recognised – operational (government grants), Property rates, capital grants from organs of state and other minor charges (such as licenses and permits etc).

The revenue strategy is a function of key components such as:

- Growth in the municipality and economic development;
- Revenue management and enhancement;
- National Treasury guidelines;
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and
- And the ability to extend new services and obtain cost recovery levels.

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

The proposed tariff reduction for the 2014/15 MTREF for Property rates can be shown as follows:

**Table 4 Approved tariff reduction over the medium-term**

Revenue category	Approved tarrif 2013/2014	Approved tarrif 2014/2015	Proposed tarrif 2015/2016	Proposed tarrif 2016/2017
Property Rates	2 cents	2 cents	2 cents	2 cents

### 2.6.2 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 is consistent with international standards of good financial management practice and also improves understand-ability for councillors and management of the municipality. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provide for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue and other own sources of revenue:



**Table 28 MBRR Table A7 - Budget cash flow statement**

LIM473 Makhuduthamaga - Table A7 Budgeted Cash Flows

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>											
<b>Receipts</b>											
Ratepayers and other		28 559	-	39 909	31 383	32 669	32 669	32 669	19 505	20 686	21 434
Government - operating	1	114 143	121 137	145 556	160 440	160 440	160 440	160 440	185 336	231 073	234 355
Government - capital	1	33 401	40 129	25 174	54 870	54 870	54 870	54 870	77 068	84 016	87 369
Interest		5 394	3 672	3 709	4 085	6 730	6 730	6 730	7 066	7 773	8 550
Dividends		-	-	-	-	-	-	-	-	-	-
<b>Payments</b>											
Suppliers and employees		(125 591)	(101 302)	(116 774)	(163 797)	(135 826)	(135 826)	(135 826)	(181 599)	(195 703)	(208 284)
Finance charges			(9)	(13)							
Transfers and Grants	1										
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>55 906</b>	<b>63 626</b>	<b>97 561</b>	<b>86 980</b>	<b>118 883</b>	<b>118 883</b>	<b>118 883</b>	<b>107 376</b>	<b>147 845</b>	<b>143 425</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>											
<b>Receipts</b>											
Proceeds on disposal of PPE			660								
Decrease (Increase) in non-current debtors											
Decrease (increase) other non-current receivables		(28 559)									
Decrease (increase) in non-current investments											
<b>Payments</b>											
Capital assets		(17 764)	(58 581)	(50 698)	(147 720)	(151 453)	(151 453)	(151 453)	(127 742)	(159 429)	(157 311)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(46 323)</b>	<b>(57 921)</b>	<b>(50 698)</b>	<b>(147 720)</b>	<b>(151 453)</b>	<b>(151 453)</b>	<b>(151 453)</b>	<b>(127 742)</b>	<b>(159 429)</b>	<b>(157 311)</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			203	(138)							
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>-</b>	<b>203</b>	<b>(138)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>9 583</b>	<b>5 909</b>	<b>46 725</b>	<b>(60 740)</b>	<b>(32 570)</b>	<b>(32 570)</b>	<b>(32 570)</b>	<b>(20 366)</b>	<b>(11 584)</b>	<b>(13 886)</b>
Cash/cash equivalents at the year begin:	2	65 178	74 761	80 670	127 395	127 395	127 395	127 395	94 825	74 459	62 875
Cash/cash equivalents at the year end:	2	74 761	80 670	127 395	66 656	94 825	94 825	94 825	74 459	62 875	48 989

The above table shows a net decrease in cash held for 2013/2014 and the 2014/15 MTREF which is covered by the favourable cash balances at the beginning of each year. The amount of R19.5 million cash inflow from rate payers and other for 2014/2015 is made up of R10.2 million from debtors and the remaining balance is from all other sources of own revenue.

### 2.6.3 Cash Backed Reserves/Accumulated Surplus Reconciliation

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

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

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality’s budget must be ‘funded’. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

**Table 29 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation**

LIM473 Makhuduthamaga - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Cash and investments available</b>											
Cash/cash equivalents at the year end	1	74 761	80 670	127 395	66 656	94 825	94 825	94 825	74 459	62 875	48 989
Other current investments > 90 days		-	-	-	-	-	-	-	-	-	-
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
<b>Cash and investments available:</b>		<b>74 761</b>	<b>80 670</b>	<b>127 395</b>	<b>66 656</b>	<b>94 825</b>	<b>94 825</b>	<b>94 825</b>	<b>74 459</b>	<b>62 875</b>	<b>48 989</b>
<b>Application of cash and investments</b>											
Unspent conditional transfers		-	4 638	25 823	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	(4 472)	24 860	(81 583)	(53 611)	(57 185)	(57 185)	(57 185)	(43 657)	(54 069)	(66 131)
Other provisions		-	-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
<b>Total Application of cash and investments:</b>		<b>(4 472)</b>	<b>29 498</b>	<b>(55 760)</b>	<b>(53 611)</b>	<b>(57 185)</b>	<b>(57 185)</b>	<b>(57 185)</b>	<b>(43 657)</b>	<b>(54 069)</b>	<b>(66 131)</b>
<b>Surplus(shortfall)</b>		<b>79 233</b>	<b>51 172</b>	<b>183 155</b>	<b>120 267</b>	<b>152 010</b>	<b>152 010</b>	<b>152 010</b>	<b>118 116</b>	<b>116 944</b>	<b>115 120</b>

From the above table it can be seen that the cash and investments available total R74.4 million in the 2014/15 financial year and decreases to R48.9 million by 2016/17.

The main purpose of other working capital is to ensure that sufficient funds are available to meet obligations as they fall due. A key challenge is often the mismatch between the timing of receipts of funds from debtors and payments due to employees and creditors. High levels of debtor non-payment and receipt delays will have a greater requirement for working capital. Any underperformance in relation to collections could place upward pressure on the ability of the municipality to meet its creditor obligations.

It can be concluded that the municipality has a surplus against the cash backed and accumulated surpluses reconciliation.

### Funding compliance measurement

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

**Table 30 MBRR SA10 – Funding compliance measurement**

LIM473 Makhuduthamaga Supporting Table SA10 Funding measurement

Description	MFMA Section	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Funding measures</b>												
Cash/cash equivalents at the year end - R'000	18(1)b	1	74 761	80 670	127 395	66 656	94 825	94 825	94 825	64 259	42 475	18 389
Cash + investments at the yr end less applications - R'000	18(1)b	2	79 233	51 172	183 155	120 267	152 010	152 010	152 010	71 100	54 880	38 084
Cash year end/monthly employee/supplier payments	18(1)b	3	13.6	9.6	15.2	5.7	8.7	8.7	8.7	5.3	3.2	1.3
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	82 567	80 201	82 096	70 443	99 054	99 054	99 054	114 934	159 465	157 407
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	60.1%	(39.1%)	(1.8%)	6.4%	(6.0%)	(6.0%)	(6.0%)	4.0%	4.0%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	90.6%	0.0%	96.5%	63.7%	66.4%	66.4%	66.4%	17.9%	18.2%	17.8%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	16.2%	17.4%	31.3%	43.5%	5.0%	5.0%	5.0%	5.0%	4.6%	4.2%
Capital payments % of capital expenditure	18(1)c,19	8	26.9%	80.5%	100.0%	100.0%	100.0%	100.0%	100.0%	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.	155.2%	15.8%	29.6%	0.0%	0.0%	0.0%	40.0%	25.0%	22.0%
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	5.5%	9.9%	7.0%	6.9%	6.8%	6.8%	6.8%	5.2%	4.6%	4.0%
Asset renewal % of capital budget	20(1)(vi)	14	0.0%	0.0%	0.0%	4.9%	2.2%	2.2%	0.0%	3.1%	0.0%	0.0%

<b>Supporting indicators</b>											
% incr <i>total service charges (incl prop rates)</i>	18(1)a		66.1%	(33.1%)	4.2%	12.4%	0.0%	0.0%	0.0%	10.0%	10.0%
% incr Property Tax	18(1)a		66.1%	(33.1%)	4.2%	12.4%	0.0%	0.0%	0.0%	10.0%	10.0%
% incr Service charges - electricity revenue	18(1)a		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
% incr Service charges - water revenue	18(1)a		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
% incr Service charges - sanitation revenue	18(1)a		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
% incr Service charges - refuse revenue	18(1)a		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
% incr in Service charges - other	18(1)a		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total billable revenue	18(1)a	24 945	41 451	27 686	28 913	32 438	32 438	32 438	32 438	35 682	39 251
Service charges		24 906	41 358	27 660	28 813	32 378	32 378	32 378	32 378	35 616	39 178
Property rates		24 906	41 358	27 660	28 813	32 378	32 378	32 378	32 378	35 616	39 178
Service charges - electricity revenue		-	-	-	-	-	-	-	-	-	-
Service charges - water revenue		-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-	-
Service charges - refuse removal		-	-	-	-	-	-	-	-	-	-
Service charges - other		-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		39	93	26	100	60	60	60	60	66	73
Capital expenditure excluding capital grant funding		-	-	-	62 003	47 655	47 655	47 655	12 940	-	-
Cash receipts from ratepayers	18(1)a	28 559	-	39 909	31 383	32 669	32 669	32 669	9 305	10 486	11 234
Ratepayer & Other revenue	18(1)a	31 508	51 365	41 349	49 247	49 209	49 209	49 209	52 045	57 500	62 950
Change in consumer debtors (current and non-current)		44 890	54 351	14 130	30 680	30 680	30 680	30 680	53 666	47 014	51 715
Operating and Capital Grant Revenue	18(1)a	147 520	168 702	170 730	215 310	234 602	234 602	234 602	262 404	315 089	321 724
Capital expenditure - total	20(1)(vi)	65 938	72 808	50 698	147 720	151 453	151 453	151 453	127 742	159 429	157 311
Capital expenditure - renewal	20(1)(vi)	-	-	-	7 300	3 300	3 300		4 000	-	-
<b>Supporting benchmarks</b>											
Growth guideline maximum		6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
CPI guideline		4.3%	3.9%	4.6%	5.0%	5.0%	5.0%	5.0%	5.4%	5.6%	5.4%
DoRA operating grants total MFY											
DoRA capital grants total MFY											
Provincial operating grants											
Provincial capital grants											
District Municipality grants											
Total gazetted/advised national, provincial and district grants									-	-	-
Average annual collection rate (arrears inclusive)											

<b>Total Operating Revenue</b>			148 715	183 610	190 614	213 771	216 379	216 379	216 379	244 447	296 346	305 855
<b>Total Operating Expenditure</b>			99 509	143 538	133 693	198 198	191 487	191 487	191 487	206 582	220 897	235 816
<b>Operating Performance Surplus/(Deficit)</b>			49 206	40 072	56 922	15 573	24 892	24 892	24 892	37 866	75 449	70 038
<b>Cash and Cash Equivalents (30 June 2012)</b>										64 259		
<b>Revenue</b>												
% Increase in Total Operating Revenue			23.5%	3.8%	12.1%	1.2%	0.0%	0.0%	0.0%	13.0%	21.2%	3.2%
% Increase in Property Rates Revenue			66.1%	(33.1%)	4.2%	12.4%	0.0%	0.0%	0.0%	0.0%	10.0%	10.0%
% Increase in Electricity Revenue			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
% Increase in Property Rates & Services Charges			66.1%	(33.1%)	4.2%	12.4%	0.0%	0.0%	0.0%	0.0%	10.0%	10.0%
<b>Expenditure</b>												
% Increase in Total Operating Expenditure			44.2%	(6.9%)	48.2%	(3.4%)	0.0%	0.0%	0.0%	7.9%	6.9%	6.8%
% Increase in Employee Costs			52.8%	34.2%	55.4%	(14.4%)	0.0%	0.0%	0.0%	31.3%	6.3%	6.4%
% Increase in Electricity Bulk Purchases			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Average Cost Per Budgeted Employee Position (Remuneration)				0	0					0		
Average Cost Per Councillor (Remuneration)				0	0					0		
R&M % of PPE			5.5%	9.9%	7.0%	6.9%	6.8%	6.8%	6.8%	5.2%	4.6%	4.0%
Asset Renewal and R&M as a % of PPE			6.0%	10.0%	7.0%	9.0%	8.0%	9.0%	9.0%	6.0%	5.0%	4.0%
Debt Impairment % of Total Billable Revenue			16.2%	17.4%	31.3%	43.5%	5.0%	5.0%	5.0%	5.0%	4.6%	4.2%
<b>Capital Revenue</b>												
Internally Funded & Other (R'000)			-	-	-	62 003	47 655	47 655	47 655	12 940	-	-
Borrowing (R'000)			-	-	-	-	-	-	-	-	-	-
Grant Funding and Other (R'000)			65 938	72 808	50 698	85 717	103 798	103 798	103 798	114 802	159 429	157 311
Internally Generated funds % of Non Grant Funding			0.0%	0.0%	0.0%	100.0%	100.0%	100.0%	100.0%	100.0%	0.0%	0.0%
Borrowing % of Non Grant Funding			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grant Funding % of Total Funding			100.0%	100.0%	100.0%	58.0%	68.5%	68.5%	68.5%	89.9%	100.0%	100.0%
<b>Capital Expenditure</b>												
Total Capital Programme (R'000)			65 938	72 808	50 698	147 720	151 453	151 453	151 453	127 742	159 429	157 311
Asset Renewal			-	-	-	7 300	3 300	3 300	3 300	4 000	-	-
Asset Renewal % of Total Capital Expenditure			0.0%	0.0%	0.0%	4.9%	2.2%	2.2%	2.2%	3.1%	0.0%	0.0%
<b>Cash</b>												
Cash Receipts % of Rate Payer & Other			90.6%	0.0%	96.5%	63.7%	66.4%	66.4%	66.4%	17.9%	18.2%	17.8%
Cash Coverage Ratio			0	0	0	0	0	0	0	0	0	0
<b>Borrowing</b>												
Credit Rating (2009/10)										0		
Capital Charges to Operating			0.1%	(0.1%)	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Borrowing Receipts % of Capital Expenditure			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Reserves</b>												
Surplus/(Deficit)			79 233	51 172	183 155	120 267	152 010	152 010	152 010	71 100	54 880	38 084
<b>Free Services</b>												
Free Basic Services as a % of Equitable Share			1.8%	2.0%	2.2%	2.5%	2.5%	2.5%	2.5%	2.2%	1.8%	1.9%
Free Services as a % of Operating Revenue (excl operational transfers)			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>High Level Outcome of Funding Compliance</b>												
Total Operating Revenue			148 715	183 610	190 614	213 771	216 379	216 379	216 379	244 447	296 346	305 855
Total Operating Expenditure			99 509	143 538	133 693	198 198	191 487	191 487	191 487	206 582	220 897	235 816
Surplus/(Deficit) Budgeted Operating Statement			49 206	40 072	56 922	15 573	24 892	24 892	24 892	37 866	75 449	70 038
Surplus/(Deficit) Considering Reserves and Cash Backing			128 439	91 244	240 077	135 840	176 902	176 902	176 902	108 966	130 329	108 122
MTREF Funded (1) / Unfunded (0)	15		1	1	1	1	1	1	1	1	1	1
MTREF Funded ✓ / Unfunded ✗	15		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

## 2.7 Expenditure on grants and reconciliations of unspent funds

**Table 31 MBRR SA19 - Expenditure on transfers and grant programmes**

LIM473 Makhuduthamaga - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>EXPENDITURE:</b>										
<u>Operating expenditure of Transfers and Grants</u>										
National Government:		58 097	95 894	119 989	134 162	135 373	135 373	147 602	155 660	164 413
Local Government Equitable Share		55 862	83 604	116 898	125 722	128 724	128 724	124 420	129 547	137 524
Finance Management		1 500	1 500	1 500	1 550	1 550	1 550	1 600	1 650	1 700
Municipal Systems Improvement		735	790	800	890	890	890	934	967	1 018
EPWP Incentive		-			1 000	1 000	1 000	1 032	-	-
Integrated National Electrification Programme		-	10 000	792	5 000	3 208	3 208	19 616	23 496	24 171
Other transfers/grants [insert description]										
Provincial Government:		-	-	-	-	-	-	-	-	-
Other transfers/grants [insert description]										
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
<b>Total operating expenditure of Transfers and Grants:</b>		<b>58 097</b>	<b>95 894</b>	<b>119 989</b>	<b>134 162</b>	<b>135 373</b>	<b>135 373</b>	<b>147 602</b>	<b>155 660</b>	<b>164 413</b>
<u>Capital expenditure of Transfers and Grants</u>										
National Government:		60 938	72 808	50 698	85 717	103 798	103 798	114 802	159 429	157 311
Municipal Infrastructure Grant (MIG)		28 401	30 129	24 383	49 870	70 954	70 954	57 452	60 520	63 198
Equitable share		32 537	42 679	26 315	35 847	32 844	32 844	57 350	98 909	94 113
Provincial Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]										
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
<b>Total capital expenditure of Transfers and Grants</b>		<b>60 938</b>	<b>72 808</b>	<b>50 698</b>	<b>85 717</b>	<b>103 798</b>	<b>103 798</b>	<b>114 802</b>	<b>159 429</b>	<b>157 311</b>
<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>		<b>119 035</b>	<b>168 702</b>	<b>170 687</b>	<b>219 879</b>	<b>239 171</b>	<b>239 171</b>	<b>262 404</b>	<b>315 089</b>	<b>321 724</b>

**Table 32 MBRR SA 20 – Reconciliation of transfers, grant receipts and unspent funds**

LIM473 Makhuduthamaga - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Operating transfers and grants:</b>	1,3									
<b>National Government:</b>										
Balance unspent at beginning of the year		-	104	608	1 531	-	-	-	-	-
Current year receipts		114 159	129 077	146 479	160 440	160 440	160 440	185 336	231 073	234 355
Conditions met - transferred to revenue		114 159	128 573	145 556	161 971	160 440	160 440	185 336	231 073	234 355
Conditions still to be met - transferred to liabilities			608	1 531	-					
<b>Provincial Government:</b>										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
<b>District Municipality:</b>										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
<b>Other grant providers:</b>										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
<b>Total operating transfers and grants revenue</b>		114 159	128 573	145 556	161 971	160 440	160 440	185 336	231 073	234 355
<b>Total operating transfers and grants - CTBM</b>	2	-	608	1 531	-	-	-	-	-	-
<b>Capital transfers and grants:</b>	1,3									
<b>National Government:</b>										
Balance unspent at beginning of the year		-	-	4 030	21 084	21 084	21 084	-	-	-
Current year receipts		33 401	44 159	45 436	49 870	49 870	49 870	57 452	60 520	63 198
Conditions met - transferred to revenue		33 401	40 129	25 174	70 954	70 954	70 954	57 452	60 520	63 198
Conditions still to be met - transferred to liabilities			4 030	24 292						
<b>Provincial Government:</b>										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
<b>District Municipality:</b>										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
<b>Other grant providers:</b>										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
<b>Total capital transfers and grants revenue</b>		33 401	40 129	25 174	70 954	70 954	70 954	57 452	60 520	63 198
<b>Total capital transfers and grants - CTBM</b>	2	-	4 030	24 292	-	-	-	-	-	-
<b>TOTAL TRANSFERS AND GRANTS REVENUE</b>		147 560	168 702	170 730	232 925	231 394	231 394	242 788	291 593	297 553
<b>TOTAL TRANSFERS AND GRANTS - CTBM</b>		-	4 638	25 823	-	-	-	-	-	-





## **2.8 Allocations and grants made by the municipality.**

Our municipality does not have any allocations any grants transferred to other municipalities or entities.



## 2.9 Councillor and employee benefits

### Table 33 MBRR SA22 - Summary of councillor and staff benefits

LIM473 Makhuduthamaga - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration		2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
R thousand	Ref	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
		A	B	C	D	E	F	G	H	I
<b>Councillors (Political Office Bearers plus Other)</b>										
Basic Salaries and Wages	1	8 396	8 372	9 403	9 735	9 833	9 833	10 709	11 780	12 958
Pension and UIF Contributions		-	1 477	1 415	2 478	2 503	2 503	2 726	2 999	3 299
Medical Aid Contributions		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance		2 855	3 954	4 446	3 694	3 731	3 731	4 063	4 469	4 916
Cellphone Allowance		548	-	-	796	804	804	875	963	1 059
Housing Allowances		-	-	-	-	-	-	-	-	-
Other benefits and allowances		1 698	149	127	-	-	-	-	-	-
<b>Sub Total - Councillors</b>		<b>13 496</b>	<b>13 951</b>	<b>15 391</b>	<b>16 703</b>	<b>16 870</b>	<b>16 870</b>	<b>18 373</b>	<b>20 211</b>	<b>22 232</b>
<b>% increase</b>	4		3.4%	10.3%	8.5%	1.0%	-	8.9%	10.0%	10.0%
<b>Senior Managers of the Municipality</b>										
Basic Salaries and Wages	2	1 944	2 294	2 080	2 985	2 807	2 807	3 138	3 339	3 553
Pension and UIF Contributions		364	240	230	354	333	333	471	501	533
Medical Aid Contributions		116	119	119	157	147	147	169	180	192
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance	3	856	706	592	1 173	1 103	1 103	1 354	1 441	1 533
Cellphone Allowance	3	80	92	87	136	128	128	136	144	153
Housing Allowances	3	232	334	298	423	398	398	410	436	464
Other benefits and allowances	3	-	37	33	65	61	61	73	77	82
Payments in lieu of leave		-	-	-	-	-	-	-	-	-
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	6	-	-	-	-	-	-	-	-	-
<b>Sub Total - Senior Managers of Municipality</b>		<b>3 593</b>	<b>3 822</b>	<b>3 437</b>	<b>5 292</b>	<b>4 977</b>	<b>4 977</b>	<b>5 751</b>	<b>6 119</b>	<b>6 511</b>
<b>% increase</b>	4		6.4%	(10.1%)	54.0%	(6.0%)	-	15.5%	6.4%	6.4%
<b>Other Municipal Staff</b>										
Basic Salaries and Wages		10 289	12 602	17 052	24 704	20 930	20 930	29 915	31 792	33 827
Pension and UIF Contributions		2 343	2 778	3 716	5 407	4 581	4 581	6 520	6 929	7 372
Medical Aid Contributions		662	1 065	1 611	5 646	4 783	4 783	2 826	3 003	3 195
Overtime		134	168	190	164	139	139	334	355	378
Performance Bonus		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance	3	2 617	2 661	4 289	6 535	5 537	5 537	7 525	7 997	8 508
Cellphone Allowance	3	499	525	741	1 041	882	882	1 300	1 382	1 470
Housing Allowances	3	396	510	1 014	2 431	2 060	2 060	1 779	1 890	2 011
Other benefits and allowances	3	197	1 267	1 424	3 930	3 330	3 330	2 497	2 654	2 824
Payments in lieu of leave		171	274	921	-	-	-	1 615	1 716	1 826
Long service awards		-	766	1 096	-	-	-	1 923	2 043	2 174
Post-retirement benefit obligations	6	-	-	-	-	-	-	-	-	-
<b>Sub Total - Other Municipal Staff</b>		<b>17 307</b>	<b>22 616</b>	<b>32 053</b>	<b>49 859</b>	<b>42 242</b>	<b>42 242</b>	<b>56 233</b>	<b>59 762</b>	<b>63 586</b>
<b>% increase</b>	4		30.7%	41.7%	55.6%	(15.3%)	-	33.1%	6.3%	6.4%
<b>Total Parent Municipality</b>		<b>34 396</b>	<b>40 389</b>	<b>50 881</b>	<b>71 854</b>	<b>64 090</b>	<b>64 090</b>	<b>80 358</b>	<b>86 091</b>	<b>92 329</b>
			17.4%	26.0%	41.2%	(10.8%)	-	25.4%	7.1%	7.2%
<b>Board Members of Entities</b>										
Basic Salaries and Wages		-	-	-	-	-	-	-	-	-
Pension and UIF Contributions		-	-	-	-	-	-	-	-	-
Medical Aid Contributions		-	-	-	-	-	-	-	-	-
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance	3	-	-	-	-	-	-	-	-	-
Cellphone Allowance	3	-	-	-	-	-	-	-	-	-
Housing Allowances	3	-	-	-	-	-	-	-	-	-
Other benefits and allowances	3	-	-	-	-	-	-	-	-	-
Board Fees		-	-	-	-	-	-	-	-	-
Payments in lieu of leave		-	-	-	-	-	-	-	-	-
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	6	-	-	-	-	-	-	-	-	-
<b>Sub Total - Board Members of Entities</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>% increase</b>	4		-	-	-	-	-	-	-	-
<b>Senior Managers of Entities</b>										
Basic Salaries and Wages		-	-	-	-	-	-	-	-	-
Pension and UIF Contributions		-	-	-	-	-	-	-	-	-
Medical Aid Contributions		-	-	-	-	-	-	-	-	-
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance	3	-	-	-	-	-	-	-	-	-
Cellphone Allowance	3	-	-	-	-	-	-	-	-	-
Housing Allowances	3	-	-	-	-	-	-	-	-	-
Other benefits and allowances	3	-	-	-	-	-	-	-	-	-
Payments in lieu of leave		-	-	-	-	-	-	-	-	-
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	6	-	-	-	-	-	-	-	-	-
<b>Sub Total - Senior Managers of Entities</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>% increase</b>	4		-	-	-	-	-	-	-	-
<b>Other Staff of Entities</b>										
Basic Salaries and Wages		-	-	-	-	-	-	-	-	-
Pension and UIF Contributions		-	-	-	-	-	-	-	-	-
Medical Aid Contributions		-	-	-	-	-	-	-	-	-
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance	3	-	-	-	-	-	-	-	-	-
Cellphone Allowance	3	-	-	-	-	-	-	-	-	-
Housing Allowances	3	-	-	-	-	-	-	-	-	-
Other benefits and allowances	3	-	-	-	-	-	-	-	-	-
Payments in lieu of leave		-	-	-	-	-	-	-	-	-
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	6	-	-	-	-	-	-	-	-	-
<b>Sub Total - Other Staff of Entities</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>% increase</b>	4		-	-	-	-	-	-	-	-
<b>Total Municipal Entities</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>		<b>34 396</b>	<b>40 389</b>	<b>50 881</b>	<b>71 854</b>	<b>64 090</b>	<b>64 090</b>	<b>80 358</b>	<b>86 091</b>	<b>92 329</b>
<b>% increase</b>	4		17.4%	26.0%	41.2%	(10.8%)	-	25.4%	7.1%	7.2%
<b>TOTAL MANAGERS AND STAFF</b>	5.7	<b>20 900</b>	<b>26 438</b>	<b>35 490</b>	<b>55 151</b>	<b>47 219</b>	<b>47 219</b>	<b>61 984</b>	<b>65 881</b>	<b>70 097</b>

## **2.10 Monthly targets for revenue, expenditure and cash flow**

The following tables shows how the municipality is planning to receive its budgeted revenue and spend funds appropriated per cost centre, standard classification and the cash inflow and out flow per month.

**Table 365 MBRR SA25 - Budgeted monthly revenue and expenditure**

LIM473 Makhuduthamaga - Supporting Table SA25 Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework			
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17	
<b>Revenue By Source</b>																	
Property rates		2 698	2 698	2 698	2 698	2 698	2 698	2 698	2 698	2 698	2 698	2 698	2 698	32 378	35 616	39 178	
Property rates - penalties & collection charges		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Service charges - electricity revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Service charges - water revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Service charges - refuse revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Service charges - other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Rental of facilities and equipment		15				15				15			15	60	66	73	
Interest earned - external investments		590	720	560	670	546	500	550	550	500	650	630	600	7 066	7 773	8 550	
Interest earned - outstanding debtors		900	900	876	860	800	945	845	830	745	870	900	890	10 361	11 398	12 537	
Dividends received		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Fines		320	185	210	190	230	690	110	120	110	110	110	115	2 500	3 000	3 000	
Licences and permits		450	490	410	390	412	390	420	450	510	500	643	500	5 565	6 122	6 734	
Agency services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transfers recognised - operational		62 190	1 966	-	-	60 590	-	-	-	60 590	-	-	-	185 336	231 073	234 355	
Other revenue		640	266	-	130	-	80	-	-	64	-	-	-	1 180	1 298	1 428	
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Total Revenue (excluding capital transfers and contribution)</b>		<b>67 803</b>	<b>7 225</b>	<b>4 754</b>	<b>4 938</b>	<b>65 291</b>	<b>5 303</b>	<b>4 623</b>	<b>4 648</b>	<b>65 232</b>	<b>4 829</b>	<b>4 982</b>	<b>4 818</b>	<b>244 447</b>	<b>296 346</b>	<b>305 855</b>	
<b>Expenditure By Type</b>																	
Employee related costs		5 165	5 165	5 165	5 165	5 165	5 165	5 165	5 165	5 165	5 165	5 165	5 165	61 984	65 881	70 097	
Remuneration of councillors		1 531	1 531	1 531	1 531	1 531	1 531	1 531	1 531	1 531	1 531	1 531	1 531	18 373	20 211	22 232	
Debt impairment		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Depreciation & asset impairment		1 259	1 259	1 259	1 259	1 259	1 259	1 259	1 259	1 259	1 259	1 259	1 259	15 105	16 616	18 277	
Finance charges		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Bulk purchases		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other materials		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Contracted services		1 496	2 946	5 296	2 796	3 146	3 446	4 146	5 396	1 296	1 983	1 296	1 796	35 041	40 562	44 534	
Transfers and grants		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other expenditure		5 796	5 175	18 932	11 922	10 874	3 990	4 996	4 995	2 747	3 993	87	934	74 440	75 991	79 039	
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Total Expenditure</b>		<b>15 247</b>	<b>16 077</b>	<b>32 184</b>	<b>22 673</b>	<b>21 975</b>	<b>15 391</b>	<b>17 097</b>	<b>18 347</b>	<b>11 998</b>	<b>13 931</b>	<b>10 976</b>	<b>10 685</b>	<b>206 582</b>	<b>220 897</b>	<b>235 816</b>	
<b>Surplus/(Deficit)</b>		<b>52 556</b>	<b>(8 852)</b>	<b>(27 430)</b>	<b>(17 735)</b>	<b>43 316</b>	<b>(10 088)</b>	<b>(12 474)</b>	<b>(13 699)</b>	<b>53 234</b>	<b>(9 102)</b>	<b>(5 995)</b>	<b>(5 867)</b>	<b>37 866</b>	<b>75 449</b>	<b>70 038</b>	
Transfers recognised - capital		36 726	-	-	-	11 000	-	616	28 726	-	-	-	-	77 068	84 016	87 369	
Contributions recognised - capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Contributed assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>89 282</b>	<b>(8 852)</b>	<b>(27 430)</b>	<b>(17 735)</b>	<b>54 316</b>	<b>(10 088)</b>	<b>(11 858)</b>	<b>15 027</b>	<b>53 234</b>	<b>(9 102)</b>	<b>(5 995)</b>	<b>(5 867)</b>	<b>114 934</b>	<b>159 465</b>	<b>157 407</b>	
Taxation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Attributable to minorities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Surplus/(Deficit)</b>	<b>1</b>	<b>89 282</b>	<b>(8 852)</b>	<b>(27 430)</b>	<b>(17 735)</b>	<b>54 316</b>	<b>(10 088)</b>	<b>(11 858)</b>	<b>15 027</b>	<b>53 234</b>	<b>(9 102)</b>	<b>(5 995)</b>	<b>(5 867)</b>	<b>114 934</b>	<b>159 465</b>	<b>157 407</b>	

**Table 37 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)**

LIM473 Makhuduthamaga - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework			
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17	
<b>R thousand</b>																	
<b>Revenue by Vote</b>																	
Vote 1 - Coucil														-	-	-	-
Vote 2 - Office of the Municipal Manager														-	-	-	-
Vote 3 - Economic Development and Planning														-	-	-	-
Vote 4 - Infrastructure Development														-	-	-	-
Vote 5 - Community Services														-	-	-	-
Vote 6 - Corporate Services														-	-	-	-
Vote 7 - Budget and Treasury		67 803	7 225	4 754	4 938	65 291	5 303	4 623	4 648	65 232	4 829	4 982	81 886	321 515	380 362	393 224	
Vote 8 -														-	-	-	-
Vote 9 -														-	-	-	-
Vote 10 -														-	-	-	-
Vote 11 -														-	-	-	-
Vote 12 -														-	-	-	-
Vote 13 -														-	-	-	-
Vote 14 -														-	-	-	-
Vote 15 -														-	-	-	-
<b>Total Revenue by Vote</b>		<b>67 803</b>	<b>7 225</b>	<b>4 754</b>	<b>4 938</b>	<b>65 291</b>	<b>5 303</b>	<b>4 623</b>	<b>4 648</b>	<b>65 232</b>	<b>4 829</b>	<b>4 982</b>	<b>81 886</b>	<b>321 515</b>	<b>380 362</b>	<b>393 224</b>	
<b>Expenditure by Vote to be appropriated</b>																	
Vote 1 - Coucil		3 507	3 157	4 607	3 307	2 707	3 807	2 957	2 907	3 007	4 055	2 357	2 807	39 183	40 031	44 148	
Vote 2 - Office of the Municipal Manager		275	310	902	320	305	531	331	375	329	320	275	353	4 626	4 787	4 765	
Vote 3 - Economic Development and Planning		649	1 349	3 119	849	2 820	649	649	649	649	649	649	649	13 326	10 808	10 285	
Vote 4 - Infrastructure Development		746	746	10 146	6 746	8 662	2 746	3 246	6 346	746	1 346	746	746	42 966	53 679	55 969	
Vote 5 - Community Services		1 209	2 009	2 994	1 509	1 659	1 349	1 591	1 209	1 389	1 209	1 209	1 809	19 142	19 559	21 147	
Vote 6 - Corporate Services		3 271	1 276	2 125	1 379	939	1 243	2 024	896	865	856	891	944	16 710	17 165	18 293	
Vote 7 - Budget and Treasury		5 591	6 830	5 639	8 564	4 883	5 067	6 299	5 965	5 014	5 496	4 850	6 430	70 630	74 867	81 211	
Vote 8 -														-	-	-	-
Vote 9 -														-	-	-	-
Vote 10 -														-	-	-	-
Vote 11 -														-	-	-	-
Vote 12 -														-	-	-	-
Vote 13 -														-	-	-	-
Vote 14 -														-	-	-	-
Vote 15 -														-	-	-	-
<b>Total Expenditure by Vote</b>		<b>15 247</b>	<b>15 677</b>	<b>29 532</b>	<b>22 673</b>	<b>21 975</b>	<b>15 391</b>	<b>17 097</b>	<b>18 347</b>	<b>11 998</b>	<b>13 931</b>	<b>10 976</b>	<b>13 737</b>	<b>206 582</b>	<b>220 897</b>	<b>235 816</b>	
<b>Surplus/(Deficit) before assoc.</b>		<b>52 556</b>	<b>(8 452)</b>	<b>(24 778)</b>	<b>(17 735)</b>	<b>43 316</b>	<b>(10 088)</b>	<b>(12 474)</b>	<b>(13 699)</b>	<b>53 234</b>	<b>(9 102)</b>	<b>(5 995)</b>	<b>68 149</b>	<b>114 934</b>	<b>159 465</b>	<b>157 407</b>	
Taxation														-	-	-	-
Attributable to minorities														-	-	-	-
Share of surplus/ (deficit) of associate														-	-	-	-
<b>Surplus/(Deficit)</b>	<b>1</b>	<b>52 556</b>	<b>(8 452)</b>	<b>(24 778)</b>	<b>(17 735)</b>	<b>43 316</b>	<b>(10 088)</b>	<b>(12 474)</b>	<b>(13 699)</b>	<b>53 234</b>	<b>(9 102)</b>	<b>(5 995)</b>	<b>68 149</b>	<b>114 934</b>	<b>159 465</b>	<b>157 407</b>	

Table 39 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

LIM473 Makhuduthamaga - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)

Description	Ref	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework			
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17	
<b>R thousand</b>																	
<b>Multi-year expenditure to be appropriated</b>	1																
Vote 1 - Coucil														-	-	-	-
Vote 2 - Office of the Municipal Manager		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Economic Development and Planning		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Infrastructure Development		-	-	3 500	500	13 000	23 000	18 500	12 500	18 500	16 700	4 616	-	110 816	152 975	151 800	
Vote 5 - Community Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 6 - Corporate Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 7 - Budget and Treasury		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 8 -														-	-	-	-
Vote 9 -														-	-	-	-
Vote 10 -														-	-	-	-
Vote 11 -														-	-	-	-
Vote 12 -														-	-	-	-
Vote 13 -														-	-	-	-
Vote 14 -														-	-	-	-
Vote 15 -														-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	2	-	-	3 500	500	13 000	23 000	18 500	12 500	18 500	16 700	4 616	-	110 816	152 975	151 800	
<b>Single-year expenditure to be appropriated</b>																	
Vote 1 - Coucil		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Office of the Municipal Manager		-	-	700	-	-	-	-	-	-	-	-	-	700	-	-	-
Vote 3 - Economic Development and Planning		100	1 250	-	300	-	450	-	-	-	-	-	-	2 100	2 300	1 700	
Vote 4 - Infrastructure Development		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 5 - Community Services		-	500	2 526	4 600	-	-	-	-	-	-	-	-	7 626	500	-	
Vote 6 - Corporate Services		-	-	-	1 000	-	-	-	-	-	-	-	-	1 000	1 054	1 111	
Vote 7 - Budget and Treasury		-	5 500	-	-	-	-	-	-	-	-	-	-	5 500	2 600	2 700	
Vote 8 -														-	-	-	-
Vote 9 -														-	-	-	-
Vote 10 -														-	-	-	-
Vote 11 -														-	-	-	-
Vote 12 -														-	-	-	-
Vote 13 -														-	-	-	-
Vote 14 -														-	-	-	-
Vote 15 -														-	-	-	-
<b>Capital single-year expenditure sub-total</b>	2	100	7 250	3 226	5 900	-	450	-	-	-	-	-	-	16 926	6 454	5 511	
<b>Total Capital Expenditure</b>	2	100	7 250	6 726	6 400	13 000	23 450	18 500	12 500	18 500	16 700	4 616	-	127 742	159 429	157 311	

## **2.11 Contracts having future budgetary implications**

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

## **2.12 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 42 MBRR SA 34a - Capital expenditure on new assets by asset class**

LIM473 Makhuduthamaga - Supporting Table SA34a Capital expenditure on new assets by asset class

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Capital expenditure on new assets by Asset Class/Sub-class</b>	1	58 093	50 119	42 543	120 689	125 296	125 296	91 816	132 975	141 800
<b>Infrastructure</b>		34 835	50 119	42 543	120 689	125 296	125 296	91 816	132 975	141 800
Infrastructure - Road transport		34 835	50 119	42 543	120 689	125 296	125 296	91 816	132 975	141 800
Roads, Pavements & Bridges										
Storm water										
Infrastructure - Electricity		23 258	-	-	-	-	-	-	-	-
Generation										
Transmission & Reticulation		23 258								
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>		-	-	5 940	7 790	7 381	7 381	700	1 200	400
Parks & gardens					300	300	300	500	-	-
Sportsfields & stadia		-	-	5 940	6 410	6 001	6 001	-	-	-
Swimming pools										
Community halls										
Libraries										
Recreational facilities										
Fire, safety & emergency										
Security and policing										
Buses	7									
Clinics										
Museums & Art Galleries										
Cemeteries										
Social rental housing	8	-	-	-	1 080	1 080	1 080	200	1 200	400
Other										
<b>Heritage assets</b>		-	-	-	-	-	-	-	-	-
Buildings										
Other	9									
<b>Investment properties</b>		-	-	-	-	-	-	-	-	-
Housing development										
Other										
<b>Other assets</b>		7 845	8 131	2 207	11 941	15 475	15 475	31 226	25 254	15 111
General vehicles				608	600	-	-	600	-	-
Specialised vehicles		-	-	-	-	-	-	-	-	-
Plant & equipment		1 267	2 861	-	2 600	7 300	7 300	4 900	2 600	2 700
Computers - hardware/equipment		2 074	957	1 348	2 000	3 026	3 026	1 400	1 054	1 111
Furniture and other office equipment			845	210	791	791	791	-	-	-
Abattoirs										
Markets					950	950	950	1 000	1 100	1 300
Civic Land and Buildings										
Other Buildings		4 505	3 269		2 500	500	500	15 000	20 000	10 000
Other Land			200							
Surplus Assets - (Investment or Inventory)										
Other				41	2 500	2 908	2 908	8 326	500	-
<b>Agricultural assets</b>		-	-	-	-	-	-	-	-	-
List sub-class										
<b>Biological assets</b>		-	-	-	-	-	-	-	-	-
List sub-class										
<b>Intangibles</b>		-	-	-	-	-	-	-	-	-
Computers - software & programming										
Other (list sub-class)										
<b>Total Capital Expenditure on new assets</b>	1	65 938	58 250	50 691	140 420	148 153	148 153	123 742	159 429	157 311

**Table 43 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class**

LIM473 Makhuduthamaga - Supporting Table SA34b Capital expenditure on the renewal of existing assets by asset class

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousand</b>	<b>1</b>									
<b>Capital expenditure on renewal of existing assets by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		-	-	-	7 300	3 300	3 300	4 000	-	-
Infrastructure - Road transport		-	-	-	7 300	3 300	3 300	4 000	-	-
<i>Roads, Pavements &amp; Bridges</i>					7 300	3 300	3 300	4 000	-	-
<i>Storm water</i>										
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
<i>Generation</i>										
<i>Transmission &amp; Reticulation</i>										
<i>Street Lighting</i>										
Infrastructure - Water		-	-	-	-	-	-	-	-	-
<i>Dams &amp; Reservoirs</i>										
<i>Water purification</i>										
<i>Reticulation</i>										
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
<i>Reticulation</i>										
<i>Sewerage purification</i>										
Infrastructure - Other		-	-	-	-	-	-	-	-	-
<i>Waste Management</i>										
<i>Transportation</i>	2									
<i>Gas</i>										
<i>Other</i>	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										
<b>Agricultural assets</b>		-	-	-	-	-	-	-	-	-
<i>List sub-class</i>										
<b>Biological assets</b>		-	-	-	-	-	-	-	-	-
<i>List sub-class</i>										
<b>Intangibles</b>		-	-	-	-	-	-	-	-	-
Computers - software & programming										
Other ( <i>list sub-class</i> )										
<b>Total Capital Expenditure on renewal of existing assets</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7 300</b>	<b>3 300</b>	<b>3 300</b>	<b>4 000</b>	<b>-</b>	<b>-</b>

**Table 44 MBRR SA34c - Repairs and maintenance expenditure by asset class**

LIM473 Makhuduthamaga - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Repairs and maintenance expenditure by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		11 507	15 940	13 988	18 000	18 000	18 000	13 600	19 700	21 750
Infrastructure - Road transport		11 507	15 940	13 988	17 500	17 500	17 500	13 100	19 100	21 100
Roads, Pavements & Bridges		11 507	15 940	13 988	17 500	17 500	17 500	13 100	19 100	21 100
Storm water										
Infrastructure - Electricity		-	-	-	500	500	500	500	600	650
Generation										
Transmission & Reticulation										
Street Lighting					500	500	500	500	600	650
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Dams & Reservoirs										
Water purification										
Reticulation										
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Reticulation										
Sewerage purification										
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Waste Management										
Transportation										
Gas										
Other										
<b>Community</b>		-	-	-	800	800	800	200	250	300
Parks & gardens										
Sportsfields & stadia					800	800	800	200	250	300
Swimming pools										
Community halls										
Libraries										
Recreational facilities										
Fire, safety & emergency										
Security and policing										
Buses										
Clinics										
Museums & Art Galleries										
Cemeteries										
Social rental housing										
Other										
<b>Heritage assets</b>		-	-	-	-	-	-	-	-	-
Buildings										
Other										
<b>Investment properties</b>		-	-	-	-	-	-	-	-	-
Housing development										
Other										
<b>Other assets</b>		-	-	-	1 006	1 406	1 406	5 687	3 528	3 718
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					1 006	1 406	1 406	5 687	3 528	3 718
<b>Agricultural assets</b>		-	-	-	-	-	-	-	-	-
List sub-class										
<b>Biological assets</b>		-	-	-	-	-	-	-	-	-
List sub-class										
<b>Intangibles</b>		-	-	-	-	-	-	-	-	-
Computers - software & programming										
Other (list sub-class)										
<b>Total Repairs and Maintenance Expenditure</b>	1	11 507	15 940	13 988	19 806	20 206	20 206	19 487	23 478	25 768
<b>Specialised vehicles</b>		-	-	-	-	-	-	-	-	-
Refuse										
Fire										
Conservancy										
Ambulances										
<b>R&amp;M as a % of PPE</b>		5.5%	9.9%	7.0%	6.9%	7.0%	7.0%	5.2%	4.6%	4.0%
<b>R&amp;M as % Operating Expenditure</b>		11.6%	11.1%	10.5%	10.0%	10.6%	10.6%	9.4%	10.6%	10.9%

**Table 45 MBRR SA35 - Future financial implications of the capital budget**

LIM473 Makhuduthamaga - Supporting Table SA35 Future financial implications of the capital budget

Vote Description	Ref	2014/15 Medium Term Revenue & Expenditure Framework			Forecasts			
		Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17	Forecast 2017/18	Forecast 2018/19	Forecast 2019/20	Present value
<b>Capital expenditure</b>	1							
Vote 1 - Coucil		-	-	-				
Vote 2 - Office of the Municipal Manager		700	-	-				
Vote 3 - Economic Development and Planning		2 100	2 300	1 700				
Vote 4 - Infrastructure Development		110 816	152 975	151 800				
Vote 5 - Community Services		7 626	500	-				
Vote 6 - Corporate Services		1 000	1 054	1 111				
Vote 7 - Budget and Treasury		5 500	2 600	2 700				
Vote 8 -		-	-	-				
Vote 9 -		-	-	-				
Vote 10 -		-	-	-				
Vote 11 -		-	-	-				
Vote 12 -		-	-	-				
Vote 13 -		-	-	-				
Vote 14 -		-	-	-				
Vote 15 -		-	-	-				
<i>List entity summary if applicable</i>								
<b>Total Capital Expenditure</b>		<b>127 742</b>	<b>159 429</b>	<b>157 311</b>	-	-	-	-
<b>Future operational costs by vote</b>	2							
Vote 1 - Coucil		39 183	40 031	44 148				
Vote 2 - Office of the Municipal Manager		4 626	4 787	4 765				
Vote 3 - Economic Development and Planning		13 326	10 808	10 285				
Vote 4 - Infrastructure Development		42 966	53 679	55 969				
Vote 5 - Community Services		19 142	19 559	21 147				
Vote 6 - Corporate Services		16 710	17 165	18 293				
Vote 7 - Budget and Treasury		70 630	74 867	81 211				
Vote 8 -		-	-	-				
Vote 9 -		-	-	-				
Vote 10 -		-	-	-				
Vote 11 -		-	-	-				
Vote 12 -		-	-	-				
Vote 13 -		-	-	-				
Vote 14 -		-	-	-				
Vote 15 -		-	-	-				
<i>List entity summary if applicable</i>								
<b>Total future operational costs</b>		<b>206 582</b>	<b>220 897</b>	<b>235 816</b>	-	-	-	-
<b>Future revenue by source</b>	3							
Property rates		32 378	35 616	39 178				
Rental of facilities and equipment		60	66	73				
Interest earned - external investments		7 066	7 773	8 550				
Interest earned - outstanding debtors		10 361	11 398	12 537				
Fines		2 500	3 000	3 000				
Licences and permits		5 565	6 122	6 734				
Transfers recognised - operational		185 336	231 073	234 355				
Other revenue		1 180	1 298	1 428				
Transfers recognised - capital		77 068	84 016	87 369				
<i>List other revenues sources if applicable</i>								
<i>List entity summary if applicable</i>								
<b>Total future revenue</b>		<b>321 515</b>	<b>380 362</b>	<b>393 224</b>	-	-	-	-
<b>Net Financial Implications</b>		<b>12 809</b>	<b>(36)</b>	<b>(97)</b>	-	-	-	-

**Table 46 MBRR SA36 - Detailed capital budget per municipal vote**

Municipal Vote/Capital project	Ref	Program/Project description	Project number	IDP Goal code 2	Individually Approved (Yes/No)	Asset Class	Asset Sub-Class	GPS co-ordinates	Total Project Estimate	Prior year outcomes		2014/15 Medium Term Revenue & Expenditure Framework			Project information	
										Audited Outcome 2012/13	Current Year 2013/14 Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17	Ward location	New or renewal
Parent municipality: List all capital projects grouped by Municipal Vote																
Development		Upgrading of Masemola Sports ground 2012/13 (MIG)	N/A		Yes	Infrastructure - Road transport	Sportsfields & stadia	N/A	4 500			4 500				NEW
		Kutupu road and storm water phase2 2012/13 (MIG)	N/A		Yes	Infrastructure - Road transport	Storm water	N/A	-			-				NEW
		Vierfontein to Rietfontein Link road Phase2 2012/13 (MIG)	N/A		Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	N/A	-			-				NEW
		Vierfontein to Rietfontein Link road Phase3 (MIG)	N/A		Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	N/A	5 070			5 070	-			NEW
		Construction of Moressele Access road 2012/13 phase 3	N/A		Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	N/A	4 000			4 000				NEW
		Construction of Vlaka/Kome access bridge 2012/13	N/A		Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	N/A	-			-				NEW
		Construction of Madibaneng access bridge 2012/13	N/A		Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	N/A	-			-				NEW
		Jane Furse Police station to Marangrang access road (MIG)	N/A		Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	N/A	-			-	-			NEW
		Rietfontein storm water control (MIG) phase 3	N/A		Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	N/A	4 750			4 750	-			NEW
		Construction of access road to Seopela tribal office	N/A		Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	N/A	4 000			4 000				NEW
		Access road to Jane furse artificial pitch (MIG)	N/A		Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	N/A	-			-	-			NEW
		Mohlala/Ngwantswana pedestrian bridge (MIG) (ES)	N/A		Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	N/A	2 700			-	2 700			NEW
		Construction of Thusong Centre	N/A		Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	N/A	4 000			2 000	2 000			NEW
		Mohlodong Mamajekela access bridge	N/A		Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	N/A	8 400			8 400				NEW
		Mogashoa Manamane access bridge (MIG)	N/A		Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	N/A	-			-	-			NEW
		Cabrievel/Khayelisha access bridge (MIG)	N/A		Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	N/A	4 500			4 500	-			NEW
		Moripane/Riverside access bridge (MIG)	N/A		Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	N/A	3 700			-	3 700			NEW
		Lobelthal/Tisane access bridge (MIG)	N/A		Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	N/A	3 000			3 000				NEW
		Access roads to Peter Nchabeleng sports field (MIG)	N/A		Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	N/A	3 000			3 000	-			NEW
		Access road to Jane Furse Library (MIG)	N/A		Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	N/A	1 281			1 281	-			NEW
		Matlivaneng access bridge (MIG)	N/A		Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	N/A	-			-	-			NEW
		Access from masemola filling station to Magalies clinic	N/A		Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	N/A	3 800			2 451	1 349			NEW
		Manotlong/Selebong access bridge (MIG)	N/A		Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	N/A	1 500			1 500				NEW
		Moraba access bridge (MIG)	N/A		Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	N/A	4 000			4 000				NEW
		Makhuso access bridge (MIG)	N/A		Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	N/A	3 800				3 800			NEW
		Manganeng access bridge (MIG)	N/A		Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	N/A	4 000			4 000	-			NEW
		Skotiphola access road (MIG)	N/A		Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	N/A	3 000			3 000	-			NEW
		Ngwanamalang access bridge (MIG)	N/A		Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	N/A	5 000			3 000	2 000			NEW
		Expansion of Jane Furse artificial turf (MIG)	N/A		Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	N/A	4 500			4 500				NEW
		Medibong Storm Water	N/A		Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	N/A	4 359			4 359				NEW
		Riverside storm Water	N/A		Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	N/A	-			-	-			NEW
		road(4km)	N/A		Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	N/A	-			-	-			NEW
		Construction of Kome internal internal road(2.5km)	N/A		Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	N/A	9 496			9 496				NEW
			N/A		Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	N/A	9 000			9 000				NEW

**Table 46 MBRR SA36 - Detailed capital budget per municipal vote (Continues)**

Construction of Plijaneng internal road(2.3km)	N/A	Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	N/A	9 136			9 136		NEW
Construction of Brooklyn internal road(0.5km)	N/A	Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	N/A	2 000			2 000		NEW
Construction of Glen Cowie to Machumane access road	N/A	Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	N/A	5 000				5 000	NEW
Construction of Makgwabe to Mphane access road	N/A	Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	N/A	3 800				3 800	NEW
Construction of Nebo Maserumule Park access road	N/A	Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	N/A	3 500				3 500	NEW
Construction of Thabampshe to Tswaing access road	N/A	Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	N/A	3 900				3 900	NEW
Construction of Mokadi to Modutung access bridge	N/A	Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	N/A	4 000				4 000	NEW
Construction of access road from maseleseleng to Marulaneng	N/A	Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	N/A	5 000				5 000	NEW
police station	N/A	Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	N/A	3 500				3 500	NEW
tribal office	N/A	Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	N/A	7 500				7 500	NEW
Construction of access road from Vleisboom to kutupu	N/A	Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	N/A	5 000				5 000	NEW
Construction of access road from Ga-mampane to kutupu	N/A	Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	N/A	6 400				6 400	NEW
Mmakosala(pokwane police station)	N/A	Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	N/A	7 500				7 500	NEW
Construction of access road to masehlaneng	N/A	Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	N/A	6 400				6 400	NEW
Construction access road to Mathibeng Tribal Office (IGF)	N/A	Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	N/A	1 464		1 464	-	-	NEW
Access road to Sekwali tribal office 2012/13 (IGF)	N/A	Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	N/A	2 000		2 000	-	-	NEW
Access bridge to Seopela tribal office 2012/13 (IGF)	N/A	Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	N/A	-		-	-	-	NEW
Access road to Masemola tribal office (IGF)	N/A	Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	N/A	1 600		1 600	-	-	NEW
Construction of Jane Furse road to hlathlalanang (IGF)	N/A	Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	N/A	-		-	-	-	NEW
Construction of Mabololo Access bridge 2012/13(IGF)	N/A	Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	N/A	-		-	-	-	NEW
(IGF)	N/A	Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	N/A	-		-	-	-	NEW
Ditlhakaneng tribal offices 2012/13 (IGF)	N/A	Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	N/A	-		-	-	-	NEW
2012/13 (IGF)	N/A	Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	N/A	-		-	-	-	NEW
Construction of access road to Tisane tribal office 2012/13(IGF)	N/A	Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	N/A	-		-	-	-	NEW
(IGF)	N/A	Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	N/A	-		-	-	-	NEW
(IGF)	N/A	Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	N/A	500		500	-	-	NEW
Jane Furse Hospital (IGF)	N/A	Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	N/A	-		-	-	-	NEW
office (IGF)	N/A	Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	N/A	3 340		3 340	-	-	NEW
Mashegoana/Legare/Tswaledi tribal offices (IGF)	N/A	Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	N/A	-		-	-	-	NEW
Construction of access road to Tisane tribal office (IGF) Phase 2	N/A	Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	N/A	3 520		3 520	-	-	NEW
Phase 2	N/A	Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	N/A	18 500		4 009	14 491	-	NEW
Rehab Of R579 Jane Furse To Nebo phase (IGF)	N/A	Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	N/A	4 000		4 000	-	-	NEW
Ditlhakaneng tribal offices (ES) Phase 2	N/A	Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	N/A	5 000		3 000	2 000		NEW
Phase 2	N/A	Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	N/A	10 000		3 000	7 000		NEW
Jane Furse Hospital (IGF)	N/A	Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	N/A	-		-	-		NEW
office (ES)	N/A	Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	N/A	3 500		2 000	1 500		NEW
Construction of Tjatlane Tribal Office	N/A	Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	N/A	3 000		3 000	-		NEW

**Table 46 MBRR SA36 - Detailed capital budget per municipal vote (Continues)**

Construction of access road to Mashupye village(ES)	N/A	Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	N/A	11 600	3 000	8 600		NEW
Construction of access road from Mathapisa to kgaruthuthu	N/A	Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	N/A	8 913	1 881	7 032		NEW
Construction of access road to Maila Segolo tribal office (ES)	N/A	Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	N/A	5 000	2 051	2 949		NEW
Rehab Of R579 Jane Furse To Neto 2012/13	N/A	Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	N/A	-		-		NEW
Construction of Setlaboswane internal road(1.6km)	N/A	Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	N/A	6 400		3 400	3 000	NEW
Construction of Krokodel internal road(3.4km)	N/A	Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	N/A	4 809		4 809		NEW
Construction of Apel Cross internal road(3km)	N/A	Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	N/A	10 000		4 000	6 000	NEW
Construction of Mampe internal road(0.3)	N/A	Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	N/A	3 719		3 719		NEW
Construction of Cabrievie internal road(2.6km)	N/A	Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	N/A	10 400		5 400	5 000	NEW
Construction of Polaseng internal road(3.5km)	N/A	Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	N/A	10 536		5 536	5 000	NEW
Construction of Ga-Madiba internal road(1.5km)	N/A	Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	N/A	5 000		3 000	2 000	NEW
Construction of access road from lobethale to Tisane	N/A	Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	N/A	7 500			7 500	NEW
Construction of access road from Mokwele to molepane	N/A	Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	N/A	3 000			3 000	NEW
Construction of access road to Mochadi	N/A	Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	N/A	3 400			3 400	NEW
Construction of access Bridge at Nchabeleng(Thabampshe)	N/A	Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	N/A	6 400			6 400	NEW
Construction of access Bridge at Dinotsi	N/A	Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	N/A	7 500			7 500	NEW
Construction of access road from Ngwanamallang to Moripane	N/A	Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	N/A	3 000			3 000	NEW
Construction of access bridge from Vergeleegen C to cemetery	N/A	Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	N/A	7 500			7 500	NEW
kgopane	N/A	Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	N/A	6 000			6 000	NEW
road R 579	N/A	Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	N/A	8 500			8 500	NEW
Mahubitswane	N/A	Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	N/A	6 500			6 500	NEW

## 2.13 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 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 four interns undergoing training in various divisions of the Budget and Treasury Department, Risk management and Audit section. The two year training contract for this intern ends in December 2014. Since the introduction of the Internship programme the municipality has successfully trained 14 interns and employed 9 of the total trained on permanent positions. Three of this total was permanently employed by the district municipality and one was employed by one of the local municipalities.
3. Budget and Treasury Office  
The Budget and Treasury Office has been established in accordance with the MFMA.
4. Audit Committee  
An Audit Committee has been established and is fully functional.
5. Service Delivery and Implementation Plan  
The detail SDBIP document is at a draft stage and will be finalised after approval of the 2014/15 MTREF in June 2014 directly aligned and informed by the 2014/15 MTREF.
6. Annual Report  
Annual report is compiled in terms of the MFMA and National Treasury requirements.
7. MFMA Training  
The MFMA training module in electronic format is presented at the municipality and training is ongoing.
8. Policies  
An amendment of the Municipal Property Rates Regulations as published in Government Notice 363 of 27 March 2009 was announced in Government Gazette 33016 on 12 March 2010. The ratios as prescribed in the Regulations have been complied with.



## 2.14 Other supporting documents

### Table 49 MBRR Table SA1 - Supporting detail to budgeted financial performance

LIM473 Makhuduthamaga - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand											
<b>REVENUE ITEMS:</b>											
<u>Property rates</u>	6										
Total Property Rates		24 906	41 358	27 660	28 813	32 378	32 378	32 378	32 378	35 616	39 178
less Revenue Foregone											
Net Property Rates		24 906	41 358	27 660	28 813	32 378	32 378	32 378	32 378	35 616	39 178
<u>Service charges - electricity revenue</u>	6										
Total Service charges - electricity revenue											
less Revenue Foregone											
Net Service charges - electricity revenue		-	-	-	-	-	-	-	-	-	-
<u>Service charges - water revenue</u>	6										
Total Service charges - water revenue											
less Revenue Foregone											
Net Service charges - water revenue		-	-	-	-	-	-	-	-	-	-
<u>Service charges - sanitation revenue</u>											
Total Service charges - sanitation revenue											
less Revenue Foregone											
Net Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-	-
<u>Service charges - refuse revenue</u>	6										
Total refuse removal revenue											
Total landfill revenue											
less Revenue Foregone											
Net Service charges - refuse revenue		-	-	-	-	-	-	-	-	-	-
<u>Other Revenue by source</u>											
Tender documents		-	410	709	850	850	850	850	850	935	1 029
Other revenue		1 219	294	217	8 163	450	450	450	330	363	399
	3										
Total 'Other' Revenue	1	1 219	704	927	9 013	1 300	1 300	1 300	1 180	1 298	1 428

**Table 49 MBRR Table SA1 - Supporting detail to budgeted financial performance (Continued)**

<b>EXPENDITURE ITEMS:</b>											
<b>Employee related costs</b>											
Basic Salaries and Wages	2	10 289	14 896	19 131	27 728	23 740	23 740	23 740	31 163	33 122	35 242
Pension and UIF Contributions		2 502	3 018	3 946	5 863	5 020	5 020	5 020	6 589	7 004	7 452
Medical Aid Contributions		662	1 184	1 730	5 094	4 361	4 361	4 361	5 725	6 085	6 474
Overtime		134									
Performance Bonus		-									
Motor Vehicle Allowance		2 617	3 367	4 881	7 835	6 708	6 708	6 708	8 806	9 360	9 959
Cellphone Allowance		499	617	828	1 177	1 008	1 008	1 008	1 323	1 406	1 496
Housing Allowances		396	843	1 312	2 861	2 449	2 449	2 449	3 215	3 417	3 636
Other benefits and allowances		37	2 512	3 663	4 593	3 933	3 933	3 933	5 162	5 487	5 838
Payments in lieu of leave		171									
Long service awards											
Post-retirement benefit obligations	4										
<i>sub-total</i>	5	17 307	26 438	35 490	55 151	47 219	47 219	47 219	61 984	65 881	70 097
<b>Less: Employees costs capitalised to PPE</b>											
<b>Total Employee related costs</b>	1	17 307	26 438	35 490	55 151	47 219	47 219	47 219	61 984	65 881	70 097
<b>Contributions recognised - capital</b>											
<i>List contributions by contract</i>											
<b>Total Contributions recognised - capital</b>											
		-	-	-	-	-	-	-	-	-	-
<b>Depreciation &amp; asset impairment</b>											
Depreciation of Property, Plant & Equipment		10 878	9 693	13 535	24 066	13 732	13 732	13 732	15 105	16 616	18 277
Lease amortisation											
Capital asset impairment											
Depreciation resulting from revaluation of PPE	10										
<b>Total Depreciation &amp; asset impairment</b>	1	10 878	9 693	13 535	24 066	13 732	13 732	13 732	15 105	16 616	18 277
<b>Bulk purchases</b>											
Electricity Bulk Purchases											
Water Bulk Purchases											
<b>Total bulk purchases</b>	1	-	-	-	-	-	-	-	-	-	-
<b>Transfers and grants</b>											
Cash transfers and grants		-	-	-	-	-	-	-	-	-	-
Non-cash transfers and grants		-	-	-	-	-	-	-	-	-	-
<b>Total transfers and grants</b>	1	-	-	-	-	-	-	-	-	-	-
<b>Contracted services</b>											
<i>Repairs and maintenance</i>		11 507	15 940	13 988	19 806	20 206	20 206	20 206	19 487	23 478	25 768
<i>Security Services and Cleaning Services</i>			10 673	10 681	13 087	13 154	13 154	13 154	14 470	15 917	17 508
<i>Other Contracted Services</i>		4 086	4 280	3 900	1 319	1 451	1 451	1 451	1 085	1 167	1 257
<i>sub-total</i>	1	15 593	30 893	28 570	34 211	34 811	34 811	34 811	35 041	40 562	44 534
<b>Allocations to organs of state:</b>											
Electricity											
Water											
Sanitation											
Other											
<b>Total contracted services</b>		15 593	30 893	28 570	34 211	34 811	34 811	34 811	35 041	40 562	44 534

**Table 49 MBRR Table SA1 - Supporting detail to budgeted financial performance (Continued)**

<b>Other Expenditure By Type</b>										
Collection costs				1 515	19 265	19 265	19 265	4 504	6 055	6 660
Contributions to 'other' provisions										
Consultant fees										
Audit fees		1 219	1 886	1 855	1 688	2 188	2 188	2 000	2 200	2 600
General expenses	3	36 693	53 455	30 191	52 300	55 764	55 764	55 764	67 936	69 779
<i>List Other Expenditure by Type</i>										
<i>Internal audit support</i>										
<i>Audit committee support</i>										
<i>Speaker's outreach programmes</i>										
<i>Training of councilors and ward committees</i>										
<i>Mayor's outreach and special programmes</i>										
<i>Communication expenses</i>										
<i>Protective clothing</i>										
<b>Total 'Other' Expenditure</b>	<b>1</b>	<b>37 912</b>	<b>55 341</b>	<b>32 047</b>	<b>55 504</b>	<b>77 217</b>	<b>77 217</b>	<b>77 217</b>	<b>74 440</b>	<b>75 991</b>
<b>by Expenditure Item</b>										
Employee related costs	8									
Other materials										
Contracted Services		11 507	15 940	13 988	19 806	20 206	20 206	20 206	19 487	23 478
Other Expenditure										
<b>Total Repairs and Maintenance Expenditure</b>	<b>9</b>	<b>11 507</b>	<b>15 940</b>	<b>13 988</b>	<b>19 806</b>	<b>20 206</b>	<b>20 206</b>	<b>20 206</b>	<b>19 487</b>	<b>23 478</b>

**Table 50 MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)**

LIM473 Makhuduthamaga - Supporting Table SA2 Matrix Financial Performance Budget (revenue source/expenditure type and dept.)

Description	Ref	Vote 1 - Council	Vote 2 - Office of the Municipal Manager	Vote 3 - Economic Development and Planning	Vote 4 - Infrastructure Development	Vote 5 - Community Services	Vote 6 - Corporate Services	Vote 7 - Budget and Treasury	Vote 8 -	Vote 9 -	Vote 10 -	Vote 11 -	Vote 12 -	Vote 13 -	Vote 14 -	Vote 15 -	Total
<b>R thousand</b>	1																
<b>Revenue By Source</b>																	
Property rates								32 378	-	-	-	-	-	-	-	-	32 378
Property rates - penalties & collection charges								-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue								-	-	-	-	-	-	-	-	-	-
Service charges - water revenue								-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue								-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue								-	-	-	-	-	-	-	-	-	-
Service charges - other								-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment								60	-	-	-	-	-	-	-	-	60
Interest earned - external investments								7 066	-	-	-	-	-	-	-	-	7 066
Interest earned - outstanding debtors								10 361	-	-	-	-	-	-	-	-	10 361
Dividends received								-	-	-	-	-	-	-	-	-	-
Fines								2 500	-	-	-	-	-	-	-	-	2 500
Licences and permits								5 565	-	-	-	-	-	-	-	-	5 565
Agency services								-	-	-	-	-	-	-	-	-	-
Other revenue								1 180	-	-	-	-	-	-	-	-	1 180
Transfers recognised - operational		39 183	4 626	13 326	42 966	19 142	16 710	49 384	-	-	-	-	-	-	-	-	185 336
Gains on disposal of PPE								-	-	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>39 183</b>	<b>4 626</b>	<b>13 326</b>	<b>42 966</b>	<b>19 142</b>	<b>16 710</b>	<b>108 495</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>244 447</b>
<b>Expenditure By Type</b>																	
Employee related costs		6 194	3 300	7 183	4 950	14 336	8 410	17 612	-	-	-	-	-	-	-	-	61 984
Remuneration of councillors		18 373	-	-	-	-	-	-	-	-	-	-	-	-	-	-	18 373
Debt impairment		-	-	-	-	-	-	1 638	-	-	-	-	-	-	-	-	1 638
Depreciation & asset impairment		-	-	-	-	-	-	15 105	-	-	-	-	-	-	-	-	15 105
Finance charges		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bulk purchases		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other materials		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contracted services		-	-	-	13 600	200	500	20 741	-	-	-	-	-	-	-	-	35 041
Transfers and grants		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other expenditure		14 616	1 326	6 142	24 416	4 606	7 800	15 534	-	-	-	-	-	-	-	-	74 440
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>		<b>39 183</b>	<b>4 626</b>	<b>13 326</b>	<b>42 966</b>	<b>19 142</b>	<b>16 710</b>	<b>70 630</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>206 582</b>
<b>Surplus/(Deficit)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>37 866</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>37 866</b>
Transfers recognised - capital		-	-	-	77 068	-	-	-	-	-	-	-	-	-	-	-	77 068
Contributions recognised - capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contributed assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>77 068</b>	<b>-</b>	<b>-</b>	<b>37 866</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>114 934</b>

**Table 51 MBRR Table SA3 – Supporting detail to Statement of Financial Position**

LIM473 Makhuduthamaga - Supporting Table SA3 Supporting detail to 'Budgeted Financial Position'

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousand</b>											
<b>ASSETS</b>											
<u>Call investment deposits</u>											
Call deposits < 90 days		-	-	-	-	-	-	-	-	-	-
Other current investments > 90 days		-	-	-	-	-	-	-	-	-	-
<b>Total Call investment deposits</b>	2	-	-	-	-	-	-	-	-	-	-
<u>Consumer debtors</u>											
Consumer debtors		35 025	71 160	93 557	135 557	135 557	135 557	135 557	178 297	225 311	277 027
<u>Less: Provision for debt impairment</u>		-	-	-	(12 563)	(12 563)	(12 563)	(12 563)	(1 638)	(1 638)	(1 638)
<b>Total Consumer debtors</b>	2	35 025	71 160	93 557	122 994	122 994	122 994	122 994	176 660	223 674	275 389
<u>Debt impairment provision</u>											
Balance at the beginning of the year		-	-	-	-	-	-	-	-	-	-
Contributions to the provision		-	-	-	-	-	-	-	-	-	-
Bad debts written off		-	-	-	-	-	-	-	-	-	-
<b>Balance at end of year</b>		-	-	-	-	-	-	-	-	-	-
<u>Property, plant and equipment (PPE)</u>											
PPE at cost/valuation (excl. finance leases)		207 445	189 132	239 823	352 239	342 345	342 345	342 345	443 934	598 480	747 654
Leases recognised as PPE		-	-	-	-	-	-	-	-	-	-
<u>Less: Accumulated depreciation</u>		-	27 643	40 731	64 797	54 463	54 463	54 463	69 568	86 184	104 461
<b>Total Property, plant and equipment (PPE)</b>	2	207 445	161 489	199 092	287 442	287 883	287 883	287 883	374 366	512 296	643 193
<b>LIABILITIES</b>											
<u>Current liabilities - Borrowing</u>											
Short term loans (other than bank overdraft)		-	-	-	-	-	-	-	-	-	-
Current portion of long-term liabilities		-	-	-	-	-	-	-	-	-	-
<b>Total Current liabilities - Borrowing</b>		-	-	-	-	-	-	-	-	-	-
<u>Trade and other payables</u>											
Trade and other creditors		27 274	24 860	18 319	31 900	31 900	31 900	31 900	26 746	30 426	31 450
Unspent conditional transfers		-	4 638	25 823	-	-	-	-	-	-	-
VAT		-	-	-	-	-	-	-	-	-	-
<b>Total Trade and other payables</b>	2	27 274	29 498	44 142	31 900	31 900	31 900	31 900	26 746	30 426	31 450
<u>Non current liabilities - Borrowing</u>											
Borrowing		-	-	-	-	-	-	-	-	-	-
Finance leases (including PPP asset element)		-	203	78	-	-	-	-	-	-	-
<b>Total Non current liabilities - Borrowing</b>	4	-	203	78	-	-	-	-	-	-	-
<u>Provisions - non-current</u>											
Retirement benefits		-	-	-	-	-	-	-	-	-	-
<i>List other major provision items</i>		-	-	-	-	-	-	-	-	-	-
Post employment medical aid liability		-	1 061	1 820	1 820	1 820	1 820	1 820	1 820	1 820	1 820
Long Service awards liability		-	916	1 432	1 432	1 432	1 432	1 432	1 432	1 432	1 432
<b>Total Provisions - non-current</b>		-	1 977	3 252	3 252	3 252	3 252	3 252	3 252	3 252	3 252
<b>CHANGES IN NET ASSETS</b>											
<u>Accumulated Surplus/(Deficit)</u>											
Accumulated Surplus/(Deficit) - opening balance		242 414	222 161	302 362	384 458	384 458	384 458	384 458	483 512	598 445	757 910
GRAP adjustments		-	-	-	-	-	-	-	-	-	-
Restated balance		242 414	222 161	302 362	384 458	384 458	384 458	384 458	483 512	598 445	757 910
Surplus/(Deficit)		82 567	80 201	82 096	70 443	99 054	99 054	99 054	114 934	159 465	157 407
Appropriations to Reserves		-	-	-	-	-	-	-	-	-	-
Transfers from Reserves		-	-	-	-	-	-	-	-	-	-
Depreciation offsets		-	-	-	-	-	-	-	-	-	-
Other adjustments		-	-	-	-	-	-	-	-	-	-
<b>Accumulated Surplus/(Deficit)</b>	1	324 981	302 362	384 458	454 901	483 512	483 512	483 512	598 445	757 910	915 317
<u>Reserves</u>											
Housing Development Fund		-	-	-	-	-	-	-	-	-	-
Capital replacement		-	-	-	-	-	-	-	-	-	-
Self-insurance		-	-	-	-	-	-	-	-	-	-
<b>Other reserves</b>		-	-	-	-	-	-	-	-	-	-
Revaluation		-	-	-	-	-	-	-	-	-	-
<b>Total Reserves</b>	2	-	-	-	-	-	-	-	-	-	-
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	2	324 981	302 362	384 458	454 901	483 512	483 512	483 512	598 445	757 910	915 317

**Table 52 MBRR Table SA9 – Social, economic and demographic statistics and assumptions**

LIM473 Makhuduthamaga - Supporting Table SA9 Social, economic and demographic statistics and assumptions

Description of economic indicator	Ref.	Basis of calculation	2001 Census	2007 Survey	2011 Census	2010/11	2011/12	2012/13	Current Year 2013/14	2014/15 Medium Term Revenue & Expenditure Framework		
						Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
<b>Demographics</b>												
Population		Census 2001 - Census 2007 -Census 2011	264	262	300	300	300	300	300	274	274	274
Females aged 5 - 14		Census 2001 - Census 2007 -Census 2011	-	-	300	177	177	177	177	60	60	60
Males aged 5 - 14		Census 2001 - Census 2007 -Census 2011	-	-	123	123	123	123	123	60	60	60
Females aged 15 - 34		Census 2001 - Census 2007 -Census 2011	-	-	-	-	-	-	-	47	47	47
Males aged 15 - 34		Census 2001 - Census 2007 -Census 2011	-	-	-	-	-	-	-	36	36	36
Unemployment		Census 2001 - Census 2007 -Census 2011	-	-	24	24	21	21	21	33	33	33
<b>Monthly household income (no. of households)</b>												
No income	1, 12	Statistics South Africa 2007 & 2011 (Community	-	-	144 105	144 105	144 105	144 105	144 105	121 946	121 946	121 946
R1 - R1 600		Statistics South Africa 2007 & 2011 (Community	-	-	-	-	-	-	-	1 311 130	1 311 130	1 311 130
R1 601 - R3 200		Statistics South Africa 2007 & 2011 (Community	-	-	-	-	-	-	-	3 945	3 945	3 945
R3 201 - R6 400		Statistics South Africa 2007 & 2011 (Community	-	-	60 966	60 966	60 966	60 966	60 966	2 894	2 894	2 894
R6 401 - R12 800		Statistics South Africa 2007 & 2011 (Community	-	-	32 154	32 154	32 154	32 154	32 154	3 281	3 281	3 281
R12 801 - R25 600		Statistics South Africa 2007 & 2011 (Community	-	-	2 128	2 128	2 128	2 128	2 128	2 028	2 028	2 028
R25 601 - R51 200		Statistics South Africa 2007 & 2011 (Community	-	-	2 637	2 637	2 637	2 637	2 637	346	346	346
R52 201 - R102 400		Statistics South Africa 2007 & 2011 (Community	-	-	3 829	3 829	3 829	3 829	3 829	57	57	57
R102 401 - R204 800		Statistics South Africa 2007 & 2011 (Community	-	-	718	718	718	718	718	73	73	73
R204 801 - R409 600		Statistics South Africa 2007 & 2011 (Community	-	-	57	57	57	57	57	55	55	55
R409 601 - R819 200		Statistics South Africa 2007 & 2011 (Community	-	-	9	9	9	9	9	9	9	9
> R819 200		Statistics South Africa 2007 & 2011 (Community	-	-	235	235	235	235	235	235	235	235
<b>Poverty profiles (no. of households)</b>												
< R2 060 per household per month	13	Statistics South Africa 2007 & 2011 (Community	-	-	247 632	247632.00	247632.00	247632.00	247632.00	247632.00	247632.00	247632.00
Insert description	2	Statistics South Africa 2007 & 2011 (Community	-	-	-	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Household/demographics (000)</b>												
Number of people in municipal area		Statistics South Africa 2007 & 2011 (Community	-	-	262 728	263	263	263	263	274	274	274
Number of poor people in municipal area		Statistics South Africa 2007 & 2011 (Community	-	-	-	-	-	-	-	-	-	-
Number of households in municipal area		Statistics South Africa 2007 & 2011 (Community	-	-	262 731	263	263	263	263	65	65	65
Number of poor households in municipal area		Statistics South Africa 2007 & 2011 (Community	-	-	247 632	248	248	248	248	248	248	248
Definition of poor household (R per month)		Statistics South Africa 2007 & 2011 (Community	-	-	2 060	2 060	2 060	2 060	2 060	2 060	2 060	2 060
<b>Housing statistics</b>												
Formal	3	Statistics South Africa 2007 & 2011 (Community	-	-	53 645	53 645	53 645	53 645	53 645	53 645	53 645	53 645
Informal		Statistics South Africa 2007 & 2011 (Community	-	-	-	-	-	-	-	-	-	-
Total number of households			-	-	53 645	53 645	53 645	53 645	53 645	53 645	53 645	53 645
Dwellings provided by municipality	4	Statistics South Africa 2007 & 2011 (Community	-	-	-	-	-	-	-	-	-	-
Dwellings provided by provincels		Statistics South Africa 2007 & 2011 (Community	-	-	-	-	-	-	-	-	-	-
Dwellings provided by private sector	5	Statistics South Africa 2007 & 2011 (Community	-	-	-	-	-	-	-	-	-	-
Total new housing dwellings			-	-	-	-	-	-	-	-	-	-

## **2.15 Annual Budget of Municipal entities**

- The municipality does not have entities.

## 2.16 Municipal Manager's quality certificate



### LOCAL MUNICIPALITY

### Quality Certificate

I **Moropa Mogobadi Erick**, the municipal manager of **Makhuduthamaga Municipality** hereby certify that the:

- ✓ Draft Annual Budget

For 2014/15 and supporting documents has been prepared in accordance with Municipal Finance Management Act and regulations made under the Act, and that the Annual Budget for 2014/2015 and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name: Moropa Mogobadi Erick

Municipal Manager of **Makhuduthamaga Local Municipality (LIM473)**

Signature  .....

Date 31/05/2014 .....