



MAKHUDUTHAMAGA
LOCAL MUNICIPALITY

ANNUAL BUDGET
OF
Makhuduthamaga Local Municipality

2019/20

To

2021/22

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- All public libraries of the municipality
- At www.makhuduthamaga.gov.za



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	CBR	Cash Backed Reserves
MEC	Member of the Executive Committee		
MFMA	Municipal Financial Management Act		
IGF	Internally Generated Funds		
FY	Full Year		

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2 PART 1 – Final Draft Annual Budget

2.1 Mayor’s report

Honourable speaker,

Executive committee members,

Chief whip,

Councillors,

Traditional leaders,

Chairperson of MPAC,

Chair of chairs

Municipal manager, senior managers and all employees of the municipality present here,

Managers from other government departments.

Leaders of religious denominations

Members of ward committees,

Business leaders present here,

Guests, members of the community and comrades.

Honourable speaker, it is an honour for me, today to be given this opportunity to table the final draft IDP and Budget of the municipality for 2019/20 MTREF to the council of municipality after taking into consideration the budget & IDP inputs from all the relevant stakeholders of the municipality. The budget is prepared for the 2019/20

and two outer years to comply with the MFMA, MFMA regulations and Circulars as issued by the national treasury.

Honourable speaker

The Municipal Finance Management Act 56 of 2003 requires council of municipality in terms of section 24(1) to approve an annual budget for the municipality at least 30 days before the start of the new financial year. In order for the municipality to comply with section 24(1) mentioned above, the mayor of the municipality must first table the draft annual budget at a council meeting at least 90 days before the start of the new financial year and immediately publish the draft budget for public consultations with all the relevant stakeholders of the municipality, a process which was successfully carried out through the office of the honourable speaker of council.

It is also a requirement of the MFMA that a time schedule be presented to the municipal council, at least ten months before the start of the budget year, outlining all the budgeting key deadlines,

And it was tabled in council held in July 2018 the 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 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. Any consultative processes forming part of the process referred to in the above subparagraphs.

Honourable speaker

Guided by the time schedule adopted by council, we have followed all the necessary processes to ensure that our Integrated Development Plan is not just a compliance document but a plan that carries solution for the needs of our communities having taken into consideration all the budget inputs collected during the budget/IDP consultations held with all the relevant stakeholders.

Honourable speaker

We are presenting a projected total revenue budget to the amount of **R 427 million** for 2019/20 budget year, **R 451 million** and **R 480 million** for the 2020/21 and 2021/22 financial years respectively. The total revenue budget for 2019/20 consists of **R 333 million** in a form national transfers and grants and **R 94 million** from own

sources of revenue.

Our total National transfers and grants for 2019/20 are made up of **R 268 million** from equitable share, **R 1.8 million** for Finance Management Grant, **R 62 million** for Municipal Infrastructure Grant to fund roads infrastructure projects and **R 1 million** from the Extended Public Works Programme.

Total amount of **R 94 million** from own revenue sources is made up of **R 43 million** from Property rates, **R 7 million** from interests on investments, **R 36 million** from interests on outstanding accounts, **R 7 million** from agency services, **R 625 thousands** for traffic fines and **R 685 thousands** for other revenue.

Honourable speaker

The revenue growth for 2019/20 financial year and the two outer years of the MTREF remain a serious point of concern as the municipality did not manage to collect on own sources of revenue in the 2018/19 budget year, a situation which is more likely to occur in the next two outer years (2020/21 & 2021/22). This is a serious concern, considering the service delivery backlogs we are faced with, and therefore measures have to be put in place to ensure that the revenue generation and collection capacity of the municipality is strengthened and sustained. We have therefore reviewed our revenue enhancement strategies, in which process we identified new sources of revenue. A thorough consultation will be conducted with the relevant stakeholders to ensure successful implementation of the plans to maximise opportunities for more revenue to sustain provision of services to our people.

Honourable speaker

We are also in a process on maintaining a credible and accurate indigent register which will also assist the municipality, not only with directing basic services to the appropriate people but also in planning to maximise revenue generation.

Honourable speaker

The total revenue, presented above is used to fund the total annual budgeted expenditure to the amount of **R 427 million** for 2019/20 financial year. The total annual budgeted expenditure for the two outer years amounts to **R 450 million** and **R 480 million** for 2020/21 and 2021/22 respectively. The total expenditure for 2019/20 is made up of **R 337 million** for operational expenditure and **R 90 million** for capital expenditure.

The total expenditure budget for 2019/20 can be summarized as follows per municipal vote:

Executive Support is allocated a total budget of **R 57 million**.

Municipal Manager's Office is allocated a total budget of **R 15 million**.

Community services is allocated a total budget of **R 57 million**

Budget and Treasury is allocated a total budget of **R 123 million**

Corporate Services is allocated a total budget of **R 32 million**

Economic Development and Planning is allocate a total budget of **R 12 million**

Infrastructure Development is allocated a total budget of **R 131 million**

Honourable speaker

The operational expenditure of **R 337 million** for 2019/20 is made up of the following expenditure sources;

Employee related costs – **R 87 million**

Remuneration of councillors – **R 24 million**.

Debt impairment – **R 36 million**.

Depreciation & assets impairments – **R 28 million**.

Contracted services – **R 100 million**

Other expenditure – **R 62 million**

Honourable speaker

We appropriated a total amount of **R 90 million** for capital expenditure budget to be implemented in 2019/20 budget year. We tried our best to cover as many of our wards as possible with the limited financial resources available to our municipality, to ensure that service delivery is spread equally to all wards of the municipality. We have budgeted **R 1 million** for the purchase of the Office furniture and equipment, **R 3.2 million** for the purchase of IT Equipment's and **R 1.3 million** for Traffic Management Equipment's.

Honourable speaker

We have allocated **R 84.5 million** for roads, bridges and storm water construction in 2019/20 budget year and we also allocated **R 85.7 million** and **R 96.7 million** for 2020/21 and 2021/22 respectively.

In the 2018/19 budget year we are going to implement the following capital projects which will be funded by a combination of the Municipal Infrastructure Grant and Equitable Share allocation;

Makgwabe Mphane access road 10km 2019/20 (MIG) – **R 11.7 million.**

Mashabela Machacha access road 10km 2019/20 (MIG) – **R 6.4 million.**

Mohlala_Ngwanatswane access bridge 2019/20 (MIG) – **R 500 thousand.**

Marishane Phaahla Internal Streets 4.2km 2019/20 (MES) - **R 10 million.**

Matulaneng access bridge 2019/20 (ES) – **R 2 million.**

Lobethal/Tisane access road 3.3km 2019/20 (ES) – **R 500 thousand.**

Mokwete/Molepane access road 10km 2019/20 (MIG) – **R 6 million.**

Glen Cowie/Old Post Office access road 7km 2019/20 (MIG) – **R 435 thousand.**

Seruleng/Marishane access bridge 2019/20 (ES) – **R 500 thousands.**

Ga-Mampane access road 2019/20 (MIG) – **R 23.2 million**

Maila Mapitsane/Magolego 3.6km Tribal Office 2019/20 (ES) – **R 870 thousand.**

Phaahla access road 1.5km 2019/20 (ES) – **R 6.1 million.**

Petition of new municipal offices 2019/20 (ES) – **R 3 million.**

Rietfontein Stormwater control 2019/20 (ES) – **R 6 million.**

Madibong Weighbridge 2019/20 (ES) – **R 2.3 million.**

Stocking Internal Streets 5.3km 2018/19 (ES) – **R 5.1 million.**

Honourable speaker

Due to funding constraints, we are forced to implement the longer roads in phases and provide for their funding in multi years. Three of the above mentioned projects will be continued in 2020/21 and 2021/22 where applicable to be completed.

For the 2020/21 and 2021/22 outer years, we allocated **R 94 million** and **R 106 million** respectively to fund capital projects is indicated in our IDP and the tables of the annual budget for 2019/20 MTREF.

Honourable speaker

We are therefore hereby tabling to this honourable council the following documents for adoption as mandated by section 16(1) of MFMA read with section 74 and 75a of MSA and Municipal Property Rates Act of 2004:

1. Draft 2019/20 – 2023/24 IDP and the 2019/20 MTREF Budget.
2. Reviewed budget related policies.
3. National Treasury MFMA circular No.93 and 94

We are confident that the budget and the accompanying policies are mutually consistent, credible and represent the will of our people.

Thank you.

2.2 Executive Summary.

Legislative background

In terms of 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 24 (1) 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 in July 2018 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)

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 Annual Budget for 2019/20 and the MTREF is hereby after considering the inputs from community consultations prepared in terms of budget principles, Makhuduthamaga Budgeting policy, applicable legislations, MFMA circulars, Municipal Budget and Reporting Regulation 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. The municipality did consider MFMA budget circular 93 & 94 in the preparation on this budget and the MFMA Budget circulars issued in the previous years, were also considered in preparation of the final annual budget for the 2019/20 MTREF.

The municipality has reviewed its revenue enhancement strategies to ensure that they are crafted to address the current revenue collection challenges considering the current circumstances and limitations within which the municipality operates. The current sources of revenue were reviewed to identify obstacles for revenue collection and strategies were put in place to improve and sustain collection of revenue from these sources. New available sources of revenue were also identified, and a plan of action was developed for implementation in the next financial years to start collecting revenue from such potential revenue sources. Furthermore, the municipality has budgeted to improve capacity and service conditions in its customer based DLTCs (Testing stations) to improve revenue collection for licenses and permits.

The municipality has undertaken a number of stakeholder engagements were stakeholders engaged on 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 engagements also did assist the municipality to gathering information on the 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, 71, 74, 75, 78, 79, 82, 85, 86, 89, 91, 93 & 94 were used to guide the compilation of the 2019/20 and the MTREF Annual Budget.

- The main challenges experienced during the compilation of the 2019/20 MTREF can be summarised as follows:
 - The need to reprioritise infrastructure projects and necessary operational expenditure within the existing limited resources considering 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 and other service delivery challenges in our communities.
 - The land ownership issues which affect revenue base growth in our municipality and proper town planning in the Jane Furse area, which is the most prominent economic growth point for the municipality.
 - Lack of credible indigent register.

- The following budgeting principles and guidelines directly informed the compilation of the 2019/20 MTREF budget:
 - The annual budget for 2019/20 and the MTREF was prepared on a zero base principle, meaning that each item or programme was budgeted considering the specification of the project and not the historical expenditure.
 - The 2018/19 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 2019/20 annual budget where resources allow and necessary;
 - Only programmes and capital projects contained in the municipality's Integrated Development Plan will be budgeted for during the 2019/20 MTREF to ensure that the budget remain an implementation tool for the municipality's IDP.
 - For the 2019/20 financial year and throughout the MTREF, tariffs for property rates will be remain at 0.015 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;

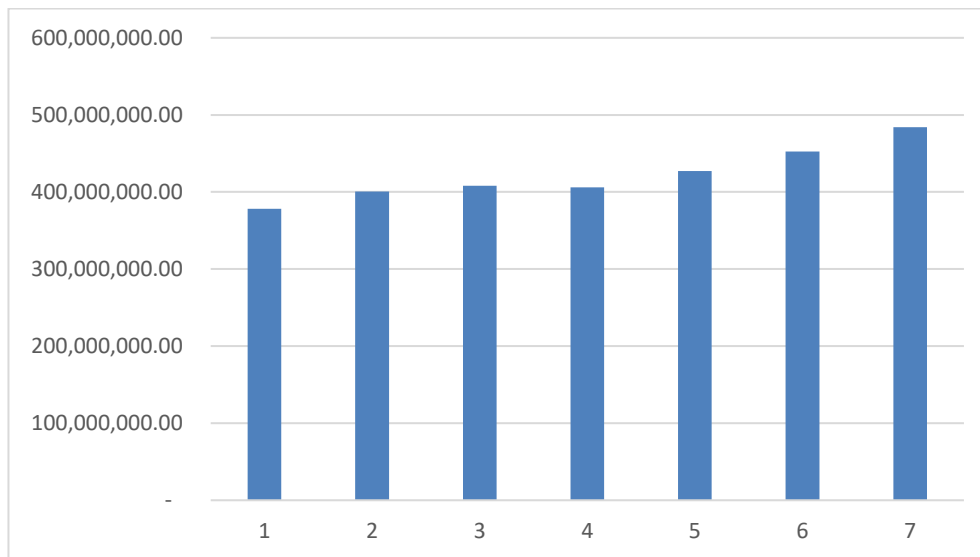
In view of the aforementioned, the following table is a consolidated overview of the 2019/20 Medium-term Revenue and Expenditure Framework as compared to the past budget year:

Table 1 Consolidated Overview of the 2019/20 MTREF

Description	Adjusted Budget 2018/19	Draft Budget 2019/20	Draft Budget 2020/21	Draft Budget 2021/22
Total Revenue	406,198,848.76	427,204,789.13	452,609,165.23	483,873,731.72
Total Operating Expenditure	343,251,519.70	342,990,211.85	356,861,184.01	376,120,689.05
Operating Surplus/Deficit for the year	62,947,329.06	84,214,577.28	95,747,981.22	107,753,042.67
Cash backed reserves	16,469,799.68	-	-	-
VAT Refunds 2017/18 (December 2017 - June 2018)	23,494,903.15	-	-	-
Total Funding for Capital Expenditure	102,912,031.89	84,214,577.28	95,747,981.22	107,753,042.67
Capital Expenditure	102,782,173.71	83,913,041.00	95,504,346.00	107,592,893.00
Total Surplus/Deficit	129,858.18	301,536.28	243,635.22	160,149.67

The municipality has budgeted a total Revenue of **R 427 million** for 2019/20 financial year, **R 452 million** and **R 483 million** for 2020/21 and 2021/22 respectively. Total revenue has increased by **R 21 million** for the 2019/20 financial year when compared to the 2018/19 adjusted revenue budget. For the two outer years, total revenue will increase by 6 per cent and 7 per cent respectively, equating to a total revenue growth of **R 77 million** over the MTREF when compared to the 2018/19 financial year. The total revenue for 2019/20 includes the grants allocations from the national treasury to the amount of **R 334 million** and own revenue sources to the amount of **R 93 million**. For the two outer years of the MTREF 2020/21 and 2021/22 total grants allocations included in total revenue amounts to **R 354 million** and **R 380 million** respectively while own revenue decreases to **R 98 million** and **R 103 million** respectively.

The following bar chart indicates, the revenue growth level of the municipality for the 2019/20 MTREF including the comparison to the past three years:



Total operating expenditure for the 2019/20 financial year has been appropriated at **R 342 million** and translates into an operating budgeted surplus of **R 84 million** as indicated in table A4. This surplus is used to fund capital expenditure for 2019/20 as indicated in table 1 above. When compared to the 2018/19 adjusted revenue budget **R 14 million** by 2020/21. The operating surplus for the two outer years decreases to **R 95 million** for 2020/21 and increases to **R 107 million** in 2021/22 financial year. These surpluses will be used to fund capital projects for two outer years.

The capital budget for 2019/20 financial year amounts to **R 83 million** and has decreased by 18 per cent as compared to the 2018/19 adjusted capital budget of **R 102 million**. For 2020/21 and 2021/22 budget years, the capital expenditure is budgeted at **R 95 million** and **R 107 million** respectively. This reflects a further decrease in our capital expenditure due to poor revenue generation and collection by the municipality. The municipality's revenue enhancements strategies programme is aiming at amongst other things to address this reduction in capital expenditure in the future budget years.

Operating Revenue Framework

The need to generate sustainable revenue is essential to meet funding requirements for Makhuduthamaga local municipality to continue improving the quality of services provided to its communities and to address the service delivery backlogs. 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, inadequate town planning, and many other socio-economic challenges in our municipality which directly affects negatively the municipality's revenue generation and collection.

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 municipal property rates tariffs remain unchanged at 0.015 cents in a rand due to a material increase in the values of properties as per the new valuation roll for 2016 to 2021. Council will continue with programmes and steps that will ensure an improvement in community cooperation and improved collection on property rates as it is a major source of the municipality's own revenue. The municipality currently bill property rates on business properties and government properties only, due to the council resolution that was taken to exclude households pending certain processes to be completed.

In an attempt to ensure a strong revenue base, the municipality has also reviewed its revenue enhancement strategy to improve revenue collection in the 2019/20 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, business licensing)
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the Municipality.
- The township establishment in Jane Furse as the primary note for development.

The following table is a summary of the 2019/20 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	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue By Source											
Property rates	2	31,834	37,894	37,708	37,237	38,129	38,129	38,129	43,049	45,696	48,342
Rental of facilities and equipment		115	121	150	130	130	130	130	142	152	156
Interest earned - external investments		11,702	10,225	7,828	10,235	5,304	5,304	5,304	5,693	6,034	6,336
Interest earned - outstanding debtors		20,498	23,498	33,999	29,343	32,642	32,642	32,642	35,906	38,061	39,964
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		579	730	236	150	550	550	550	626	650	686
Licences and permits		-	-	-	-	-	-	-	-	-	-
Agency services		4,909	5,154	4,943	5,584	5,984	5,984	5,984	6,553	7,011	7,432
Transfers and subsidies		232,170	228,253	247,523	256,837	256,837	256,837	256,837	272,571	288,976	310,061
Other revenue	2	980	613	951	682	622	622	622	544	461	368
Gains on disposal of PPE											
Total Revenue (excluding capital transfers and contributions)		302,787	306,487	333,339	340,198	340,199	340,199	340,199	365,083	387,040	413,345
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		75,450	94,210	74,655	66,000	66,000	66,000	66,000	62,122	65,569	70,529
Total Revenue (Including capital transfers and contributions)		378,237	400,697	407,994	406,198	406,199	406,199	406,199	427,205	452,609	483,874

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 **R 365 million** for 2019/20, **R 387 million** for 2020/21 and **R 413 million** for 2021/22. The total amount for operational grants to be received for 2019/20 is **R 272 million**. For the two outer years the total operational grants to be received amounts to **R 288 million** and **R 2310 million** for 2020/21 and 2021/22 financial years respectively.

Revenue from government grants forms a significant percentage of the total operating revenue for the municipality for all of the 2019/20 MTREF. This clearly indicate that our municipality is dependent on government grants which contribute 75 per cent of the total operating revenue in 2019/20 budget year and 74 percent in 2020/21 and 75 in 2021/22.

Revenue generated from property rates amount to **R 43 million** and the projected interest on property rates overdue accounts amounts to **R 35 million**. The projected interests were calculated considering the current long outstanding accounts in the municipality's debtor's book. The total projected revenue from property rates when including the interests on overdue accounts amounts to **R 78 million** which is 80 per cent of the total own revenue budget for 2019/20.

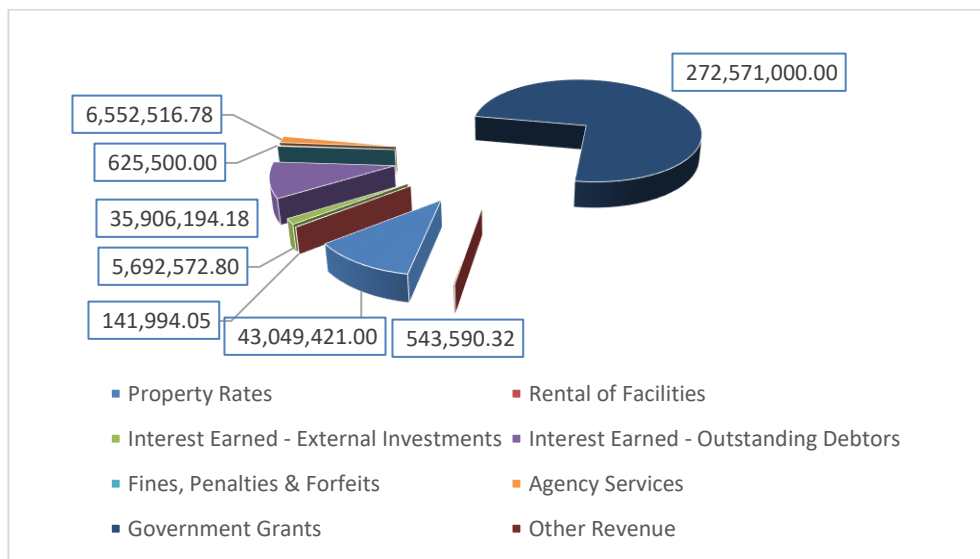
The revenue from Property rates is budgeted to remain at **R 43 million** throughout the 2019/20 financial year.

Revenue from Licenses and permits amount to **R 6.5 million** for 2019/20 budget year, **R 7 million** and **R 7 million** for 2020/21 and 2021/22 financial years respectively. The municipality is currently awaiting approval from the national department of transport to have the eNatis system operating from the municipal head office to accelerate the collection of revenue through the traffic licenses.

Other revenue consists of various items such as income received for selling tender documents, charges for suppliers database registration and other allocations from LG SITA for skills development. Refer to table SA1 under 2.14 (Other supporting documents) 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 365 million** for 2019/20 financial year:

Revenue per source graph



Source of Revenue	Amount	Percentage
Property Rates	43,049,421.00	12%
Rental of Facilities	141,994.05	0%
Interest Earned - External Investments	5,692,572.80	2%
Interest Earned - Outstanding Debtors	35,906,194.18	10%
Fines, Penalties & Forfeits	625,500.00	0%
Agency Services	6,552,516.78	2%
Government Grants	272,571,000.00	75%
Other Revenue	543,590.32	0%
	365,082,789.13	100%

Operating Expenditure Framework

The municipality’s expenditure framework for the 2019/20 budget and MTREF is informed by the following:

- The municipality’s Spatial Development Framework.
- 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 Demand management plan and procurement plan of the municipality.

The following table is a high level summary of the operating annual budget for 2019/20 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	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Expenditure By Type											
Employee related costs	2	51,285	63,112	62,121	81,996	74,095	74,095	74,095	86,263	91,870	97,842
Remuneration of councillors		19,909	20,792	22,112	24,909	24,909	24,909	24,909	24,329	26,032	27,854
Debt impairment	3	30,000	31,417	65,757	29,343	29,343	29,343	29,343	35,906	38,061	39,964
Depreciation & asset impairment	2	16,616	18,938	26,108	22,198	26,511	26,511	26,511	27,720	31,878	36,660
Finance charges											
Bulk purchases	2	-	-	-	-	-	-	-	-	-	-
Other materials	8										
Contracted services		58,828	56,365	81,439	95,199	126,096	126,096	126,096	104,709	102,456	103,292
Transfers and subsidies		-	-	-	-	-	-	-	-	-	-
Other expenditure	4, 5	164,224	82,381	218,033	64,755	62,297	62,297	62,297	64,062	66,564	70,509
Loss on disposal of PPE											
Total Expenditure		340,862	273,006	475,569	318,400	343,252	343,252	343,252	342,990	356,861	376,121

Employee Related Costs

The budget allocation for employee related costs for the 2019/20 financial year is **R 86 million**, which equals to 25 per cent of the total operating expenditure.

The total budget employee related costs has increased from **R 74 million** in 2018/19 adjusted budget to **R 86 million** in 2019/20 which reflect a 16 per cent increase. This is as a result of the inclusion of the vacant positions which couldn’t be filled during the 201/18 financial year together with other new vacant positions which are budgeted to be filled in the 2019 financial year.

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 and strict measures has been put in place to ensure that it is not abused considering the cost containment measures as per MFMA circular number 82.

The following vacant positions are budgeted to be filled in the 2019/20 financial year.

Position Name	Department	Position level
Deputy Senior Manager: Executive Support	Executive Support	Middle management
Council Secretary	Executive Support	Middle Management
Chauffer : Mayor's Office	Executive Support	Lower level management
VIP Officers X 2	Executive Support	Lower level management
Secretary: Chief Whip	Executive Support	Lower level management
Secretary: MPAC	Executive Support	Lower level management
HRM Manager	Corporate Services	Middle Management
HRM Officer	Corporate services	Lower level management
Personal Assistant: MM's Office	MM's Office	Lower level management
Deputy CFO	Budget & Treasury	Middle management
Environmental Manager X 1	Community services	Middle management
Waste Management Office	Community services	Lower level management
Personal Assistant	Community services	Lower Level management
Library assistant X 2	Community services	Lower Level management
General workers X 4	Community services	Lower management level
General workers X 4	Infrastructure Development	Lower management level
Landfill operator X 2	Community services	Lower management level
Compactor Driver X 1	Community services	Lower management level
Manager	LED	Middle management
Senior Manager: Infrastructure	Infrastructure	Senior Management
PMU Technician	Infrastructure	Lower level management
Plant Operator X 1	Infrastructure	Lower level management

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 total budget for councillor allowances is **R 24 million** for 2019/20, **R 26 million** and **R 27 million** for 2020/21 and 2021/22 respectively. An increase was projected at 7 per cent for 2019/20 and 7 percent for 2020/21 and 2021/22 on the upper limits for councillors.

Debt Impairment

The provision of debt impairment for 2019/20 was determined based on the Debt Write-off Policy of the municipality. For the 2019/20 financial year this amount equates to **R 35 million**, increases to **R 38 million** in 2021/21 and decreases to **R 39 million** in 2021/22 respectively. This expenditure is projected for property rates debtors and is considered to be a non-cash flow item. This item is not cash funded as there is no service rendered that is associated with the billed debt and therefore no costs associated with rendering the services were determined, to require cash funding. Revenue generated from Property rates is used to fund this expenditure item to avoid cash flow problems that may arise when customers does not pay. For example, the expenditure for Debt recovery is funded through property rates as a percentage of the amount collected, which means, when there is no collection no expenditure will be incurred.

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 2017/18 AFS and new acquisitions for the current year 2018/19 and 2019/20 budget year and the MTREF. Budget appropriations in this regard are **R 27 million** for the 2019/20 financial year and equates to 8 per cent of the total operating expenditure. It increases to **R 31 million** and **36 million** for 2020/21 and 2021/22 budget years respectively.

Contracted Services

Contracted services comprises of security services, cleaning services, repairs and maintenance for infrastructure assets and operating leases for office equipment and machinery and maintenance of the landfill side. The budget on contracted service is **R 104 million** for the 2019/20 financial year, it decreases to **R 102 million** and **R 103 million** in the 2020/21 and 2021/22 outer years.

Repairs and maintenance has been budgeted at 18% percent of the total operational budget and 21 per cent of the Asset value as per 2017/18 AFS taking in to consideration guidelines contained in MFMA circular number 66, 67, 70, 72, 74 ,75, 78, 79, 85, 86, 89,91,93 & 94.

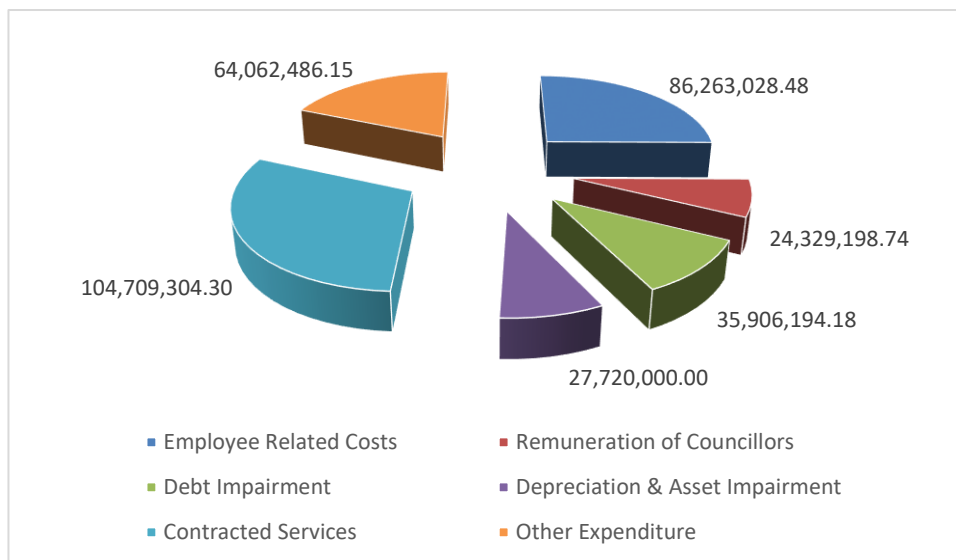
Other Expenditure

The municipality has also budgeted an amount of **R 64 million** on other general expenditure items for the 2019/20 financial year. The budget for the 2020/21 & 2021/22 is **R 66 million** & **R 70 million** for the general expenditure.

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 2019/20 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 2019/20 financial year.

Table 6 Main Operational Expenditure categories for 2019/20 financial year



Description	Amount	Percentage
Employee Related Costs	86,263,028.48	25%
Remuneration of Councillors	24,329,198.74	7%
Debt Impairment	35,906,194.18	10%
Depreciation & Asset Impairment	27,720,000.00	8%
Contracted Services	104,709,304.30	31%
Other Expenditure	64,062,486.15	19%
	342,990,211.85	100%

Priority given to repairs and maintenance

Considering National Treasury MFMA circular number 54, 55, 58, 59, 66, 67, 70, 72, 74, 75, 78, 79, 85, 86, 89, 91, 93 & 94 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. 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 2019/20 amount to **R 62 million**, **R 59 million** and **R 57 million** for 2020/21 and 2021/22 respectively.

Repairs and maintenance expenditure budget amounts to 18 per cent of the municipality's budgeted operational expenditure for 2019/20. For the two outer years, repairs and maintenance is budgeted at 17 per cent and 15 per cent of the budgeted operational expenditure respectively.

Free Basic Services: Electricity tokens

The municipality provides 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 provide 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. 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 **R 4.5 million** for 2019/20, **R 4.8 million** and **R 5 million** for 2020/21 and 2021/22 respectively.

Capital expenditure

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

Table 3 2019/20 Medium-term capital budget per vote

LIM473 Makhuduthamaga - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding											
Vote Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - Executive Support		-	-	-	-	-	-	-	-	-	-
Vote 2 - Office of the Municipal Manager		-	-	-	-	-	-	-	-	-	-
Vote 3 - Economic Development and Planning		-	-	-	-	-	-	-	-	-	-
Vote 4 - Infrastructure Development		148,490	134,811	136,179	92,390	93,690	93,690	93,690	77,913	88,304	98,093
Vote 5 - Community Services		-	-	-	-	-	-	-	-	-	-
Vote 6 - Corporate Services		-	-	-	-	-	-	-	-	-	-
Vote 7 - Budget and Treasury		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	148,490	134,811	136,179	92,390	93,690	93,690	93,690	77,913	88,304	98,093
Single-year expenditure to be appropriated	2										
Vote 1 - Executive Support		-	2,200	-	-	-	-	-	-	-	-
Vote 2 - Office of the Municipal Manager		-	-	-	-	-	-	-	-	-	-
Vote 3 - Economic Development and Planning		3,700	3,060	-	3,200	1,570	1,570	1,570	-	-	-
Vote 4 - Infrastructure Development		2,100	7,000	10,144	-	-	-	-	-	-	-
Vote 5 - Community Services		500	2,193	2,428	1,217	1,217	1,217	1,217	-	-	-
Vote 6 - Corporate Services		4,050	3,500	5,463	2,522	1,522	1,522	1,522	2,000	2,400	2,500
Vote 7 - Budget and Treasury		12,200	15,307	6,069	4,783	4,783	4,783	4,783	4,000	4,800	7,000
Capital single-year expenditure sub-total		22,550	33,260	24,103	11,722	9,092	9,092	9,092	6,000	7,200	9,500
Total Capital Expenditure - Vote		171,040	168,071	160,282	104,112	102,782	102,782	102,782	83,913	95,504	107,593
Funded by:											
National Government		171,040	168,071	160,282	104,112	102,782	102,782	102,782	83,913	95,504	107,593
Total Capital Funding	7	171,040	168,071	160,282	104,112	102,782	102,782	102,782	83,913	95,504	107,593

New and Existing Capital Assets

For 2019/20 an amount of **R 83.9 million** has been appropriated for the new capital expenditure which will be funded by MIG to the amount of **R 62 million** and equitable share & VAT refunds to the amount of **R 22 million**. For 2020/21 and 2021/22 the budget has been appropriated at **R 95.5 million** and **R 107.5 million** respectively.

Infrastructure and Development vote is appropriated the highest allocation of **R 77.9 million** which equates to 93 per cent of the total capital budget for 2019/20 to build roads and bridges, Budget and Treasury is allocated 5 per cent of the total capital budget. The remaining 2 per cent is allocated to Corporate Services.

Below are the capital projects which form part of the total budgeted capital expenditure for 2019/20 MTREF:

Makgwabe Mphane access road 10km 2019/20 (MIG) – **R 8.8 million.**

Mashabela Machacha access road 10km 2019/20 (MIG) – **R 21 million.**

Marishane Phaahla Internal Streets 4.2km 2019/20 (MES) - **R 1.2 million.**

Matulaneng access bridge 2019/20 (ES) – **R 3.6 million.**

Lobethal/Tisane access road 3.3km 2019/20 (ES) – **R 435 thousand.**

Mokwete/Molepane access road 10km 2019/20 (MIG) – **R 17.4 million.**

Glen Cowie/Old Post Office access road 7km 2019/20 (MIG) – **R 435 thousand.**

Seruteng/Marishane access bridge 2018/19 (ES) – **R 435 thousands.**

Maila Mapitsane/Magolego 3.6km Tribal Office 2018/19 (ES) – **R 870 thousand.**

Phaahla access road 1.5km 2018/19 (ES) – **R 6.1 million.**

Ga-Mampane access road 5km 2018/19 (MIG) – **R 8.8 million.**

Stocking Internal Streets 5.3km 2018/19 (ES) – **R 8.8 million.**

2.3 DRAFT ANNUAL BUDGET TABLES (A1 to A10)

The following are the ten main A schedule tables for the annual budget of Makhuduthamaga municipality for the 2019/20 MTREF

2.3.1 Table 7 MBRR A1 – Annual Budget Summary

LIM473 Makhuduthamaga - Table A1 Budget Summary										
Description	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousands										
Financial Performance										
Property rates	31,834	37,894	37,708	37,237	38,129	38,129	38,129	43,049	45,696	48,342
Service charges	-	-	-	-	-	-	-	-	-	-
Investment revenue	11,702	10,225	7,828	10,235	5,304	5,304	5,304	5,693	6,034	6,336
Transfers recognised - operational	232,170	228,253	247,523	256,837	256,837	256,837	256,837	272,571	288,976	310,061
Other own revenue	27,081	30,116	40,279	35,889	39,928	39,928	39,928	43,770	46,334	48,606
Total Revenue (excluding capital transfers and contributions)	302,787	306,487	333,339	340,198	340,199	340,199	340,199	365,083	387,040	413,345
Employee costs	51,285	63,112	62,121	81,996	74,095	74,095	74,095	86,263	91,870	97,842
Remuneration of councillors	19,909	20,792	22,112	24,909	24,909	24,909	24,909	24,329	26,032	27,854
Depreciation & asset impairment	16,616	18,938	26,108	22,198	26,511	26,511	26,511	27,720	31,878	36,660
Other expenditure	253,051	170,163	365,229	189,297	217,736	217,736	217,736	204,678	207,081	213,765
Total Expenditure	340,862	273,006	475,569	318,400	343,252	343,252	343,252	342,990	356,861	376,121
Surplus/(Deficit)	(38,075)	33,481	(142,231)	21,798	(3,053)	(3,053)	(3,053)	22,093	30,179	37,224
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	75,450	94,210	74,655	66,000	66,000	66,000	66,000	62,122	65,569	70,529
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	37,375	127,691	(67,576)	87,798	62,947	62,947	62,947	84,215	95,748	107,753
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	37,375	127,691	(67,576)	87,798	62,947	62,947	62,947	84,215	95,748	107,753
Capital expenditure & funds sources										
Capital expenditure	171,040	168,071	160,282	104,112	102,782	102,782	102,782	83,913	95,504	107,593
Transfers recognised - capital	171,040	168,071	160,282	104,112	102,782	102,782	102,782	83,913	95,504	107,593
Total sources of capital funds	171,040	168,071	160,282	104,112	102,782	102,782	102,782	83,913	95,504	107,593
Financial position										
Total current assets	148,282	120,362	46,838	86,039	59,878	59,878	59,878	72,912	71,876	77,701
Total non current assets	356,145	425,341	293,622	386,222	324,562	324,562	324,562	277,792	274,587	280,914
Total current liabilities	14,376	21,580	47,825	17,726	17,726	17,726	17,726	10,648	9,655	10,716
Total non current liabilities	3,744	4,028	4,504	4,616	4,616	4,616	4,616	4,856	5,119	5,395
Community wealth/Equity	486,307	520,094	288,131	449,918	362,097	362,097	362,097	335,200	331,690	342,503
Cash flows										
Net cash from (used) operating	174,642	164,713	(40,885)	110,907	121,651	121,651	121,651	22,917	42,192	53,881
Net cash from (used) investing	(171,040)	(168,071)	(24,042)	(119,729)	(114,199)	(114,199)	(114,199)	(29,677)	(39,935)	(44,064)
Net cash from (used) financing	-	-	-	-	-	-	-	-	-	-
Cash/cash equivalents at the year end	115,720	65,338	19,278	10,406	26,680	26,680	26,680	19,919	22,176	31,993
Cash backing/surplus reconciliation										
Cash and investments available	115,720	65,338	19,278	22,841	26,680	26,680	26,680	19,919	22,176	31,993
Application of cash and investments	(9,152)	(21,839)	43,146	(12,937)	(9,774)	(9,774)	(9,774)	(2,518)	(4,315)	(2,332)
Balance - surplus (shortfall)	124,872	87,177	(23,869)	35,778	36,454	36,454	36,454	22,437	26,491	34,325
Asset management										
Asset register summary (WDV)	356,145	425,341	293,621	386,222	324,562	324,562	324,562	277,792	274,587	280,914
Depreciation	16,616	18,938	26,108	22,198	26,511	26,511	26,511	27,720	31,878	36,660
Renewal and Upgrading of Existing Assets	-	18,421	-	6,798	6,798	6,798	6,798	-	-	-
Repairs and Maintenance	58,828	42,200	42,381	53,022	77,322	77,322	77,322	62,591	59,887	57,726
Free services										
Cost of Free Basic Services provided	-	-	-	-	-	-	-	-	-	-
Revenue cost of free services provided	605	605	605	605	605	605	605	605	605	605
Households below minimum service level										

2.3.2 Table MBRR A2 – Budgeted Financial Performance (Functional Classification)

LIM473 Makhuduthamaga - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)										
Functional Classification Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue - Functional										
Governance and administration		378,237	400,697	407,994	406,198	406,199	406,199	427,205	452,609	483,874
Executive and council		-	-	-	-	-	-	-	-	-
Finance and administration		378,237	400,697	407,994	406,198	406,199	406,199	427,205	452,609	483,874
Internal audit		-	-	-	-	-	-	-	-	-
Other	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	378,237	400,697	407,994	406,198	406,199	406,199	427,205	452,609	483,874
Expenditure - Functional										
Governance and administration		246,230	178,343	242,189	209,667	215,787	215,787	228,670	246,211	263,995
Executive and council		54,925	61,501	68,618	73,467	75,298	75,298	75,325	80,899	86,086
Finance and administration		191,305	116,842	168,449	134,600	138,888	138,888	149,627	162,230	174,312
Internal audit		-	-	5,122	1,600	1,600	1,600	3,718	3,082	3,597
Community and public safety		17,311	18,417	25,666	25,197	23,091	23,091	27,454	27,586	30,020
Community and social services		4,881	5,237	7,012	8,993	7,807	7,807	9,191	9,574	10,343
Sport and recreation		1,900	963	2,143	1,550	980	980	1,500	1,700	2,000
Public safety		10,530	12,217	11,278	12,153	11,803	11,803	13,285	14,139	15,068
Housing		-	-	5,232	2,500	2,500	2,500	3,478	2,174	2,609
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		60,642	57,387	185,410	63,162	85,171	85,171	76,181	71,383	70,382
Planning and development		17,219	13,652	18,328	14,507	15,162	15,162	15,957	15,674	17,082
Road transport		43,423	43,735	143,192	22,144	43,548	43,548	30,624	24,210	20,300
Environmental protection		-	-	23,889	26,511	26,461	26,461	29,600	31,500	33,000
Trading services		16,678	18,859	22,304	20,374	19,203	19,203	10,686	11,681	11,724
Energy sources		10,480	7,804	21,484	17,132	18,132	18,132	7,201	7,970	7,772
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		6,197	11,054	820	3,242	1,071	1,071	3,485	3,711	3,953
Other	4	-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	340,862	273,006	475,569	318,400	343,252	343,252	342,990	356,861	376,121
Surplus/(Deficit) for the year		37,375	127,691	(67,576)	87,798	62,947	62,947	84,215	95,748	107,753

2.3.3 Table MBRR A3 – Budgeted Financial Performance (Municipal Vote)

LIM473 Makhuduthamaga - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)										
Vote Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand										
Revenue by Vote	1									
Vote 1 - Executive Support		-	-	-	-	-	-	-	-	-
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		378,237	400,697	407,994	406,198	406,199	406,199	427,205	452,609	483,874
Total Revenue by Vote	2	378,237	400,697	407,994	406,198	406,199	406,199	427,205	452,609	483,874
Expenditure by Vote to be appropriated	1									
Vote 1 - Executive Support		49,262	53,621	59,493	62,300	63,331	63,331	65,263	70,183	74,674
Vote 2 - Office of the Municipal Manager		5,664	7,880	9,125	12,767	13,567	13,567	14,062	14,316	15,562
Vote 3 - Economic Development and Planning		17,219	13,652	11,986	11,908	13,129	13,129	13,688	13,262	14,517
Vote 4 - Infrastructure Development		53,903	51,539	169,232	44,375	66,214	66,214	43,571	36,765	33,245
Vote 5 - Community Services		23,509	29,471	44,797	52,450	48,088	48,088	57,060	60,623	64,364
Vote 6 - Corporate Services		17,069	23,692	33,237	28,225	27,989	27,989	26,945	29,177	30,878
Vote 7 - Budget and Treasury		174,236	93,150	147,699	106,374	110,934	110,934	122,400	132,534	142,881
Total Expenditure by Vote	2	340,862	273,006	475,569	318,400	343,252	343,252	342,990	356,861	376,121
Surplus/(Deficit) for the year	2	37,375	127,691	(67,576)	87,798	62,947	62,947	84,215	95,748	107,753

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

LIM473 Makhuduthamaga - Table A4 Budgeted Financial Performance (revenue and expenditure)											
Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue By Source											
Property rates	2	31,834	37,894	37,708	37,237	38,129	38,129	38,129	43,049	45,696	48,342
Rental of facilities and equipment		115	121	150	130	130	130	130	142	152	156
Interest earned - external investments		11,702	10,225	7,828	10,235	5,304	5,304	5,304	5,693	6,034	6,336
Interest earned - outstanding debtors		20,498	23,498	33,999	29,343	32,642	32,642	32,642	35,906	38,061	39,964
Fines, penalties and forfeits		579	730	236	150	550	550	550	626	650	686
Agency services		4,909	5,154	4,943	5,584	5,984	5,984	5,984	6,553	7,011	7,432
Transfers and subsidies		232,170	228,253	247,523	256,837	256,837	256,837	256,837	272,571	288,976	310,061
Other revenue	2	980	613	951	682	622	622	622	544	461	368
Total Revenue (excluding capital transfers and contributions)		302,787	306,487	333,339	340,198	340,199	340,199	340,199	365,083	387,040	413,345
Expenditure By Type											
Employee related costs	2	51,285	63,112	62,121	81,996	74,095	74,095	74,095	86,263	91,870	97,842
Remuneration of councillors		19,909	20,792	22,112	24,909	24,909	24,909	24,909	24,329	26,032	27,854
Debt impairment	3	30,000	31,417	65,757	29,343	29,343	29,343	29,343	35,906	38,061	39,964
Depreciation & asset impairment	2	16,616	18,938	26,108	22,198	26,511	26,511	26,511	27,720	31,878	36,660
Contracted services		58,828	56,365	81,439	95,199	126,096	126,096	126,096	104,709	102,456	103,292
Other expenditure	4, 5	164,224	82,381	218,033	64,755	62,297	62,297	62,297	64,062	66,564	70,509
Loss on disposal of PPE											
Total Expenditure		340,862	273,006	475,569	318,400	343,252	343,252	343,252	342,990	356,861	376,121
Surplus/(Deficit)		(38,075)	33,481	(142,231)	21,798	(3,053)	(3,053)	(3,053)	22,093	30,179	37,224
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		75,450	94,210	74,655	66,000	66,000	66,000	66,000	62,122	65,569	70,529
Surplus/(Deficit) after capital transfers & contributions		37,375	127,691	(67,576)	87,798	62,947	62,947	62,947	84,215	95,748	107,753
Taxation											
Surplus/(Deficit) after taxation		37,375	127,691	(67,576)	87,798	62,947	62,947	62,947	84,215	95,748	107,753
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		37,375	127,691	(67,576)	87,798	62,947	62,947	62,947	84,215	95,748	107,753
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		37,375	127,691	(67,576)	87,798	62,947	62,947	62,947	84,215	95,748	107,753

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

LIM473 Makhuduthamaga - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding											
Vote Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 4 - Infrastructure Development		148,490	134,811	136,179	92,390	93,690	93,690	93,690	77,913	88,304	98,093
Capital multi-year expenditure sub-total	7	148,490	134,811	136,179	92,390	93,690	93,690	93,690	77,913	88,304	98,093
Single-year expenditure to be appropriated	2										
Vote 1 - Executive Support		–	2,200	–	–	–	–	–	–	–	–
Vote 2 - Office of the Municipal Manager		–	–	–	–	–	–	–	–	–	–
Vote 3 - Economic Development and Planning		3,700	3,060	–	3,200	1,570	1,570	1,570	–	–	–
Vote 4 - Infrastructure Development		2,100	7,000	10,144	–	–	–	–	–	–	–
Vote 5 - Community Services		500	2,193	2,428	1,217	1,217	1,217	1,217	–	–	–
Capital single-year expenditure sub-total		22,550	33,260	24,103	11,722	9,092	9,092	9,092	6,000	7,200	9,500
Total Capital Expenditure - Vote		171,040	168,071	160,282	104,112	102,782	102,782	102,782	83,913	95,504	107,593
Capital Expenditure - Functional											
Governance and administration		16,250	21,007	11,532	7,304	6,304	6,304	6,304	6,000	7,200	9,500
Finance and administration		16,250	21,007	11,532	7,304	6,304	6,304	6,304	6,000	7,200	9,500
Community and public safety		500	–	186	1,217	1,217	1,217	1,217	–	–	–
Public safety		500	–	186	1,217	1,217	1,217	1,217	–	–	–
Economic and environmental services		152,190	137,871	136,179	95,590	95,260	95,260	95,260	77,913	88,304	98,093
Planning and development		3,700	3,060	–	3,200	1,570	1,570	1,570	–	–	–
Road transport		148,490	134,811	136,179	92,390	93,690	93,690	93,690	77,913	88,304	98,093
Trading services		2,100	9,193	12,385	–	–	–	–	–	–	–
Energy sources		2,100	7,000	10,144	–	–	–	–	–	–	–
Waste management		–	2,193	2,241	–	–	–	–	–	–	–
Transfers recognised - capital	4	171,040	168,071	160,282	104,112	102,782	102,782	102,782	83,913	95,504	107,593
Borrowing	6										
Internally generated funds											
Total Capital Funding	7	171,040	168,071	160,282	104,112	102,782	102,782	102,782	83,913	95,504	107,593

2.3.6 Table MBRR A6 – Budgeted Financial Position

LIM473 Makhuduthamaga - Table A6 Budgeted Financial Position											
Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
ASSETS											
Current assets											
Cash		115,720	65,338	19,278	22,841	26,680	26,680	26,680	19,919	22,176	31,993
Call investment deposits	1	–	–	–	–	–	–	–	–	–	–
Consumer debtors	1	19,223	46,113	26,562	52,844	22,844	22,844	22,844	28,032	37,329	36,697
Other debtors		12,925	8,595	483	9,849	9,849	9,849	9,849	24,361	11,921	8,510
Inventory	2	415	316	515	505	505	505	505	600	450	500
Total current assets		148,282	120,362	46,838	86,039	59,878	59,878	59,878	72,912	71,876	77,701
Non current assets											
Investment property		1,172	1,172	210	1,252	1,252	1,252	1,252	210	210	210
Property, plant and equipment	3	352,909	423,171	291,200	383,671	322,011	322,011	322,011	276,807	274,321	280,704
Intangible		2,064	998	2,213	1,300	1,300	1,300	1,300	776	57	–
Total non current assets		356,145	425,341	293,622	386,222	324,562	324,562	324,562	277,792	274,587	280,914
TOTAL ASSETS		504,427	545,703	340,460	472,261	384,440	384,440	384,440	350,705	346,463	358,615
LIABILITIES											
Current liabilities											
Consumer deposits											
Trade and other payables	4	14,376	21,580	47,825	17,726	17,726	17,726	17,726	10,648	9,655	10,716
Provisions											
Total current liabilities		14,376	21,580	47,825	17,726	17,726	17,726	17,726	10,648	9,655	10,716
Non current liabilities											
Provisions		3,744	4,028	4,504	4,616	4,616	4,616	4,616	4,856	5,119	5,395
Total non current liabilities		3,744	4,028	4,504	4,616	4,616	4,616	4,616	4,856	5,119	5,395
TOTAL LIABILITIES		18,120	25,608	52,330	22,343	22,343	22,343	22,343	15,504	14,774	16,111
NET ASSETS	5	486,307	520,094	288,131	449,918	362,097	362,097	362,097	335,200	331,690	342,503
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		486,307	520,094	288,131	449,918	362,097	362,097	362,097	335,200	331,690	342,503
Reserves	4	–	–	–	–	–	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	5	486,307	520,094	288,131	449,918	362,097	362,097	362,097	335,200	331,690	342,503

2.3.7 Table MBRR A7 – Budgeted Cash Flows

LIM473 Makhuduthamaga - Table A7 Budgeted Cash Flows											
Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		10,414	23,505	7,265	6,749	12,945	12,945	12,945	14,567	18,467	20,003
Service charges		-	-	-	-	-	-	-	-	-	-
Other revenue		32,704	30,471	6,228	29,018	52,715	52,715	52,715	7,250	7,638	7,978
Government - operating	1	232,170	228,253	243,135	256,837	256,837	256,837	256,837	270,771	288,976	310,061
Government - capital	1	75,450	94,210	74,655	66,000	66,000	66,000	66,000	-	-	-
Interest		32,200	10,225	8,749	10,235	5,304	5,304	5,304	5,693	6,034	6,336
Dividends		-	-	-	-	-	-	-	-	-	-
Payments											
Suppliers and employees		(208,296)	(221,951)	(380,917)	(257,931)	(272,150)	(272,150)	(272,150)	(275,364)	(278,923)	(290,497)
Finance charges		-	-	-	-	-	-	-	-	-	-
Transfers and Grants	1	-	-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		174,642	164,713	(40,885)	110,907	121,651	121,651	121,651	22,917	42,192	53,881
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		-	-	-	-	-	-	-	62,122	65,569	70,529
Payments											
Capital assets		(171,040)	(168,071)	(24,042)	(119,729)	(114,199)	(114,199)	(114,199)	(91,799)	(105,504)	(114,593)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(171,040)	(168,071)	(24,042)	(119,729)	(114,199)	(114,199)	(114,199)	(29,677)	(39,935)	(44,064)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-	-
Payments											
Repayment of borrowing		-	-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	-	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD											
Cash/cash equivalents at the year begin:	2	112,117	68,696	84,204	19,228	19,228	19,228	19,228	26,680	19,919	22,176
Cash/cash equivalents at the year end:	2	115,720	65,338	19,278	10,406	26,680	26,680	26,680	19,919	22,176	31,993

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. The 2019/20 MTREF provide for a net decrease in cash of **R 6.7 million** for the 2019/20 financial year, net increase of **R 2.2 million** in 2020/21 and **R 9.8 million** in 2021/22.
4. Cash Flow from Operating activities;
The municipality has projected to receive **R 29.9 million** from Property rates and **R 6.5 million** from other revenue which consists mainly of VAT recovery for capital expenditure and other contracted services for operational purposes. Transfers from National government are projected to be received 100%. Trade and other payables as indicated in table A6 has been subtracted from the total expenditure included in the cash flow and non-cash flow items such as depreciation and debt impairment has been disregarded in the calculations.
5. Property Rates
 - The municipality has budgeted to collect about **R 14 million** from the property rates billing during the 2019/20 budget year after taking into consideration the **R 9.5 million** collected by the municipality covering the period 1st July 2018 – 31 January 2019. This collection includes payments received from both government departments & the business community.
 -
6. Other Revenue
 - Other revenue sources include, rental of facilities, traffic fines and agency income.
 - The municipality is anticipating 100% collection on these items of revenue on the basis that collection on all these revenue items has already went above 100% in the current 2018/19 financial year.
7. Government Grants & Transfers Cash Flow Assumptions
 - All government grants are projected to be received at 100% and all conditional grants are projected to be spent at 100% during the 2019/20 budget year.
8. Interest on investments Cash Flow Assumptions
 - The interest on investments is projected to be received at 100%. All budgeted investments will be carried out as and when there is surplus cash available in the municipality's primary bank accounts and such available cash surpluses are not currently committed.

2.3.8 Table MBRR A8 – Cash backed reserves/Accumulated surplus reconciliation

LIM473 Makhuduthamaga - Table A8 Cash backed reserves/accumulated surplus reconciliation											
Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Cash and investments available											
Cash/cash equivalents at the year end	1	115,720	65,338	19,278	10,406	26,680	26,680	26,680	19,919	22,176	31,993
Other current investments > 90 days		0	-	-	12,435	-	-	-	(0)	(0)	(0)
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		115,720	65,338	19,278	22,841	26,680	26,680	26,680	19,919	22,176	31,993
Application of cash and investments											
Unspent conditional transfers		-	-	-	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2										
Other working capital requirements	3	(9,152)	(21,839)	43,146	(12,937)	(9,774)	(9,774)	(9,774)	(2,518)	(4,315)	(2,332)
Other provisions											
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		(9,152)	(21,839)	43,146	(12,937)	(9,774)	(9,774)	(9,774)	(2,518)	(4,315)	(2,332)
Surplus(shortfall)		124,872	87,177	(23,869)	35,778	36,454	36,454	36,454	22,437	26,491	34,325

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 2019/20 to 2021/22 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 2019/20 MTREF was fully funded.
7. The municipality does not have non-current investments and no projection has been made for unspent conditional grants as we plan to utilise 100% of the allocation by year end.
8. The municipality is planning to spend 100% of its conditional grants.
9. VAT input will always be more than VAT output which is reflecting in the cash flow from operating activities and therefore no amount will reflect under statutory requirements
10. The municipality’s third party payments such as SARS under the statutory requirements are accounted for under the employee related costs on B7 as part of the payments to suppliers and employees over the

2019/20 MTREF. The VAT portion is also accounted for as part of the payments to suppliers and employees and also under the capital assets payments on the B7.

11. The main purpose of the 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.

2.3.9 Table MBRR table A9 – Asset Management

LIM473 Makhuduthamaga - Table A9 Asset Management										
Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
CAPITAL EXPENDITURE										
Total New Assets	1	171,040	149,649	160,282	97,314	95,984	95,984	83,913	95,504	107,593
<i>Roads Infrastructure</i>		148,490	116,389	136,179	85,592	86,892	86,892	77,913	88,304	98,093
<i>Electrical Infrastructure</i>		2,100	7,000	10,144	–	–	–	–	–	–
<i>Solid Waste Infrastructure</i>		–	2,500	2,428	–	–	–	–	–	–
Infrastructure		150,590	125,889	148,751	85,592	86,892	86,892	77,913	88,304	98,093
Community Facilities		3,700	3,060	–	4,417	2,787	2,787	–	–	–
Sport and Recreation Facilities		–	–	–	–	–	–	–	–	–
Community Assets		3,700	3,060	–	4,417	2,787	2,787	–	–	–
Computer Equipment		4,050	3,500	5,463	2,522	1,522	1,522	2,000	2,400	2,500
Furniture and Office Equipment		–	–	–	1,739	1,339	1,339	1,000	1,300	1,500
Machinery and Equipment		–	–	–	–	–	–	–	–	–
Transport Assets		12,700	17,200	6,069	3,043	3,443	3,443	3,000	3,500	5,500
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
Total Renewal of Existing Assets	2	–	18,421	–	2,550	2,550	2,550	–	–	–
<i>Roads Infrastructure</i>		–	18,421	–	–	–	–	–	–	–
<i>Sanitation Infrastructure</i>		–	–	–	2,550	2,550	2,550	–	–	–
Infrastructure		–	18,421	–	2,550	2,550	2,550	–	–	–
Total Upgrading of Existing Assets	6	–	–	–	4,248	4,248	4,248	–	–	–
Infrastructure		–	–	–	–	–	–	–	–	–
Community Facilities		–	–	–	4,248	4,248	4,248	–	–	–
Community Assets		–	–	–	4,248	4,248	4,248	–	–	–
Total Capital Expenditure	4	171,040	168,071	160,282	104,112	102,782	102,782	83,913	95,504	107,593
<i>Roads Infrastructure</i>		148,490	134,811	136,179	85,592	86,892	86,892	77,913	88,304	98,093
<i>Electrical Infrastructure</i>		2,100	7,000	10,144	–	–	–	–	–	–
<i>Sanitation Infrastructure</i>		–	–	–	2,550	2,550	2,550	–	–	–
<i>Solid Waste Infrastructure</i>		–	2,500	2,428	–	–	–	–	–	–
Infrastructure		150,590	144,311	148,751	88,142	89,442	89,442	77,913	88,304	98,093
Community Facilities		3,700	3,060	–	8,666	7,036	7,036	–	–	–
Community Assets		3,700	3,060	–	8,666	7,036	7,036	–	–	–
Computer Equipment		4,050	3,500	5,463	2,522	1,522	1,522	2,000	2,400	2,500
Furniture and Office Equipment		–	–	–	1,739	1,339	1,339	1,000	1,300	1,500
Machinery and Equipment		–	–	–	–	–	–	–	–	–
Transport Assets		12,700	17,200	6,069	3,043	3,443	3,443	3,000	3,500	5,500
TOTAL CAPITAL EXPENDITURE - Asset class		171,040	168,071	160,282	104,112	102,782	102,782	83,913	95,504	107,593
ASSET REGISTER SUMMARY - PPE (WDV)										
	5	356,145	425,341	293,621	386,222	324,562	324,562	277,792	274,587	280,914
<i>Roads Infrastructure</i>		290,771	367,512	205,699	317,863	256,203	256,203	223,002	229,493	244,922
<i>Electrical Infrastructure</i>		5,703	7,000	–	8,161	8,161	8,161	979	579	179
Infrastructure		296,474	374,512	205,699	326,023	264,364	264,364	223,981	230,072	245,101
Investment properties		1,172	1,172	210	1,252	1,252	1,252	210	210	210
Other Assets		56,435	48,659	85,500	57,647	57,647	57,647	52,826	44,248	35,604
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Intangible Assets		2,064	998	2,213	1,300	1,300	1,300	776	57	–
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	356,145	425,341	293,621	386,222	324,562	324,562	277,792	274,587	280,914
EXPENDITURE OTHER ITEMS										
Depreciation	7	75,443	61,138	68,489	75,220	103,833	103,833	90,311	91,765	94,386
Repairs and Maintenance by Asset Class	3	58,828	42,200	42,381	53,022	77,322	77,322	62,591	59,887	57,726
<i>Roads Infrastructure</i>		37,550	36,100	22,000	15,000	38,000	38,000	21,739	17,304	13,043
<i>Electrical Infrastructure</i>		4,100	3,700	3,000	2,000	3,000	3,000	2,174	2,609	2,174
<i>Solid Waste Infrastructure</i>		–	–	–	26,261	26,261	26,261	29,600	31,500	33,000
Infrastructure		41,650	39,800	25,000	43,261	67,261	67,261	53,513	51,413	48,217
Sport and Recreation Facilities		–	–	2,100	–	–	–	–	–	–
Community Assets		–	–	2,100	–	–	–	–	–	–
Operational Buildings		–	–	6,500	2,500	1,800	1,800	3,478	2,174	2,609
Housing		–	–	–	–	–	–	–	–	–
Other Assets		–	–	6,500	2,500	1,800	1,800	3,478	2,174	2,609
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Computer Equipment		1,027	1,300	6,000	5,739	6,739	6,739	3,600	4,000	4,200
Furniture and Office Equipment		–	–	–	–	–	–	–	–	–
Machinery and Equipment		13,612	–	–	–	–	–	–	–	–
Transport Assets		2,538	1,100	2,781	1,522	1,522	1,522	2,000	2,300	2,700
TOTAL EXPENDITURE OTHER ITEMS	1	75,443	61,138	68,489	75,220	103,833	103,833	90,311	91,765	94,386

2.3.10 Table 16 MBRR table A10 – Basic Service delivery measurement

LIM473 Makhuduthamaga - Table A10 Basic service delivery measurement										
Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Household service targets	1									
Highest level of free service provided per household										
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)		5,356,942	4,309,604	4,685,022	4,200,000	4,200,000	4,200,000	4,500,000	4,800,000	5,000,000
Refuse (average litres per week)										
Revenue cost of subsidised services provided (R'000)	9									
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)		605	605	605	605	605	605	605	605	605
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)		-	-	-	-	-	-	-	-	-
Water (in excess of 6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (in excess of free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (in excess of 50 kwh per indigent household per month)		-	-	-	-	-	-	-	-	-
Refuse (in excess of one removal a week for indigent households)		-	-	-	-	-	-	-	-	-
Municipal Housing - rental rebates										
Housing - top structure subsidies	6									
Other										
Total revenue cost of subsidised services provided		605	605	605	605	605	605	605	605	605

Explanatory notes to Table A10 - Basic Service Delivery Measurement

- Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
- The municipality continues to make good progress with the eradication of backlogs 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.
- 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 2019/20 MTREF:
 - Water services
 - Sanitation services
 - Electricity services
 - Refuse services
- The budget provides for 110 000 households to be registered as indigent in 2019/20, and therefore entitled to receiving Free Basic Services. It is anticipated that these Free Basic Services will cost the municipality **R 4.5 million** in 2019/20, increasing to **R 4.8 million** in 2020/21 and **R 5 million** in 2021/22. This is covered by the municipality’s equitable share allocation from national government.

3 PART 2 – SUPPORTING DOCUMENTS

3.1 Overview of municipal 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.

The budget steering committee had regular meetings to deal with the IDP/Budget processes as contained in the municipality's approved time schedule that sets out the process to review the IDP and prepare the annual budget.

3.1.1 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 2018) 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 in July 2018. Key dates applicable to the process were adhered to and progress was reported to council quarterly

3.1.2 IDP and Service Delivery and Budget Implementation Plan

This is the first review of the IDP as adopted by Council in July 2018.

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

The SDBIP for 2019/20 has been completed and will be submitted to the relevant stakeholders within 28 days from the date of adopting the budget by council.

3.1.3 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2019/20 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 2019/20 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 2016/17 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
- The municipality's Spatial Development Plan

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 51 and 54, 55, 58, 59, 66, 67, 70, 72, 74, 75, 78, 79, 85, 86, 89,91,93 & 94 has been taken into consideration in the planning and prioritisation process.

3.1.4 Community Consultation

The consultation schedule for draft 2019/20 MTREF which was tabled before Council on 28 March 2019 and was also 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 and at tribal offices.

All documents in the appropriate format (electronic and printed) were submitted to National and Provincial Treasury, and other national and provincial departments in accordance with section 23 of the MFMA and MFMA circular number 93 and 94, to provide an opportunity for them to ensure that their inputs are incorporated in the final budget and for monitoring purposes. Inputs received from the Provincial Treasury were considered and were necessary and appropriate included in the final budget for 2018/19 and the MTREF.

Ward Committees were utilised to facilitate the community consultation process. The applicable dates and venues which were published on municipality's websites, notice boards and published in a newspaper and the local community radio station were as follows. Individual sessions were scheduled and conducted with organised businesses and other stakeholders to further ensure transparency and interaction. Other stakeholders that were involved in the consultation include churches, non-governmental institutions, local chiefs, traditional healers, youth, people with disabilities and community-based organisations.

3.2 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 in July 2018. 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 2018/19 MTREF and further planning refinements that have directly informed the compilation of the budget:

Table 17 IDP Strategic Objectives

2018/19 Financial year	2019/20 Financial year
To ensure sustainable use of land and promote growth and development.	To ensure sustainable use of land and promote growth and development.
To improve quality of life of our citizens through sustainable roads infrastructure.	To improve quality of life of our citizens through sustainable roads infrastructure.
To create an environment that will develop, stimulate and strengthen local economic growth.	To create an environment that will develop, stimulate and strengthen local economic growth.
To provide sound and sustainable management of the financial affairs of the municipality.	To provide sound and sustainable management of the financial affairs of the municipality.

To effectively coordinate all general administrative, governance, human resources, IT and legal services.	To effectively coordinate all general administrative, governance, human resources, IT and legal services.
To provide assurance and build internal and public confidence on internal and external operations of the municipality and its stakeholders.	To provide assurance and build internal and public confidence on internal and external operations of the municipality and its stakeholders.

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 2019/20 draft budget and the 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	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22	
R thousand													
To secure sound and sustainable management of fiscus and financial affairs of the institution.	Improved revenue collection rate for property rates debtors			31,834	37,894	37,708	37,237	38,129	38,129	43,049	45,696	48,342	
To secure sound and sustainable management of fiscus and financial affairs of the institution.	Improved revenue collection on rental of municipal assets.			115	121	150	130	130	130	142	152	156	
To secure sound and sustainable management of fiscus and financial affairs of the institution.	Increase revenue generation through interests on investments.			11,702	10,225	7,828	10,235	5,304	5,304	5,693	6,034	6,336	
To secure sound and sustainable management of fiscus and financial affairs of the institution.	Improved collection rate on interests for overdue accounts.			20,498	23,498	33,999	29,343	32,642	32,642	35,906	38,061	39,964	
To secure sound and sustainable management of fiscus and financial affairs of the institution.	To maximise adherence to roads laws and regulations.			579	730	236	150	550	550	626	650	686	
To secure sound and sustainable management of fiscus and financial affairs of the institution.	Adherence to vehicle licensing regulations			4,909	5,154	4,943	5,584	5,984	5,984	6,553	7,011	7,432	
To secure sound and sustainable management of fiscus and financial affairs of the institution.	Receipt of the total equitable share grant allocated for our municipality			232,170	228,253	247,523	256,837	256,837	256,837	272,571	288,976	310,061	
To secure sound and sustainable management of fiscus and financial affairs of the institution.	Improve collection rate on VAT input and other revenue			980	613	951	682	622	622	544	461	368	
To secure sound and sustainable management of fiscus and financial affairs of the institution.	Receipt of total allocation of MIG grant.			75,450	94,210	74,655	66,000	66,000	66,000	62,122	65,569	70,529	
Allocations to other priorities			2										
Total Revenue (excluding capital transfers and contributions)				1	378,237	400,697	407,994	406,198	406,199	406,199	427,205	452,609	483,874

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	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22	
R thousand													
Good corporate governance and administration	Implement best methods & practices of corporate governance			19,114	23,692	33,237	28,225	27,989	27,989	26,945	29,177	30,878	
Excelerate basic service delivery	Deliver all basic services to the community members			53,518	81,010	214,023	96,825	114,301	114,301	100,632	97,389	97,609	
Sustainable economic planning and development	Archivement of the set economic development targets			39,625	13,652	11,986	11,908	13,129	13,129	13,688	13,262	14,517	
Sustainable financial management	financially viable municipality			174,385	93,150	147,706	106,374	110,934	110,934	122,400	132,534	142,881	
Executive Support and Institutional Management	Practice of good governance			54,219	61,501	68,618	75,067	76,898	76,898	79,325	84,499	90,236	
Allocations to other priorities													
Total Expenditure				1	340,862	273,006	475,569	318,400	343,252	343,252	342,990	356,861	376,121

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

LIM473 Makhuduthamaga - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)												
Strategic Objective	Goal	Goal Code	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework			
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22	
R thousand												
Good corporate governance and administration	Implement best methods & practices of corporate governance	A	-	2,200	-	-	-	-	-	2,000	2,400	2,500
Excelerate basic service delivery	Deliver all basic services to the community members	B	151,090	144,004	148,751	93,608	94,908	94,908	77,913	88,304	98,093	
Sustainable economic planning and development	Archivement of the set economic development targets	C	3,700	3,060	-	3,200	1,570	1,570	-	-	-	
Sustainable financial management	financially viable municipality	D	16,250	15,307	6,069	4,783	4,783	4,783	4,000	4,800	7,000	
Executive Support and Institutional	Practice of good governance	E	-	3,500	5,463	2,522	1,522	1,522	-	-	-	
Allocations to other priorities												
Total Capital Expenditure				171,040	168,071	160,282	104,112	102,782	102,782	83,913	95,504	107,593

3.3 Measurable performance objectives and indicators

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

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

are being developed, and continues through each of the planning, budgeting, implementation and reporting stages.

The 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:

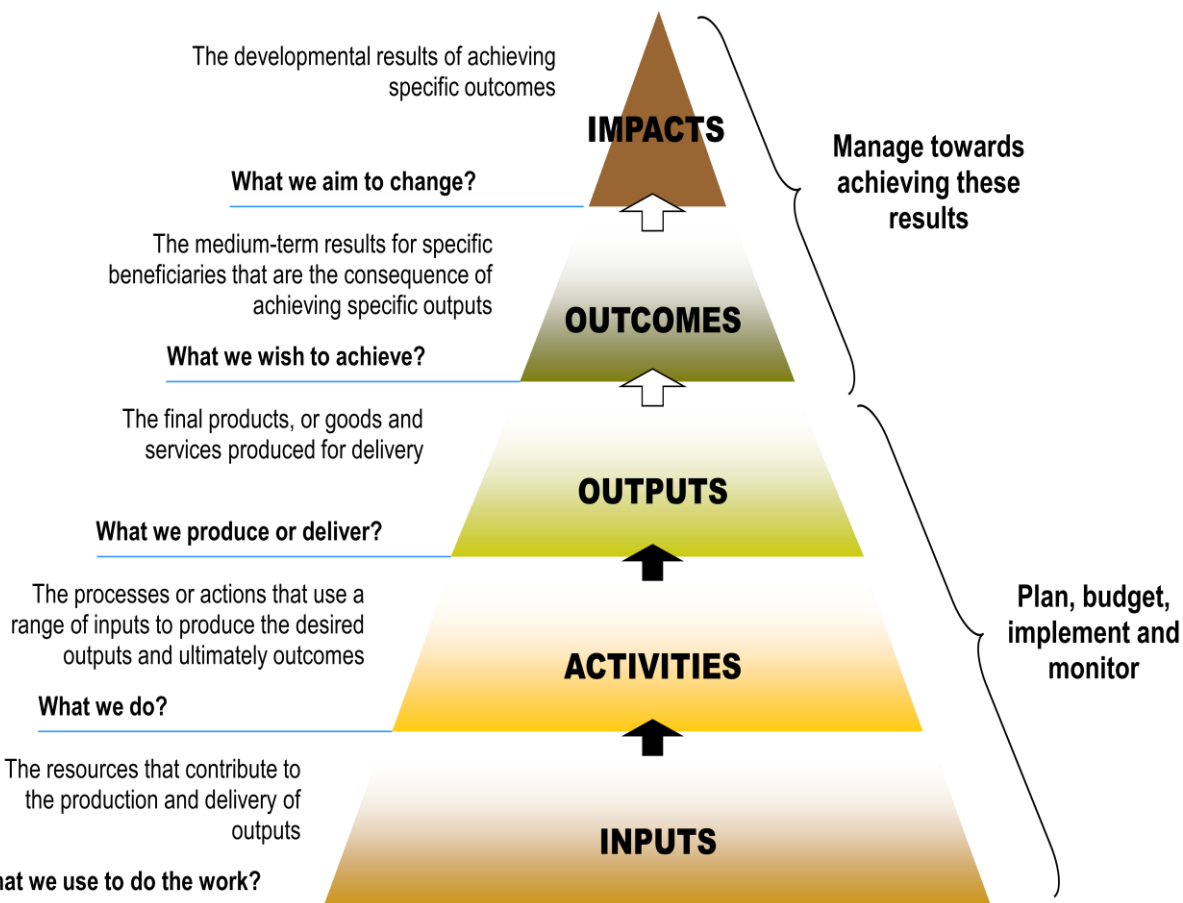


Figure 1 Definition of performance information concepts

The following table sets out the municipalities main performance objectives and benchmarks for the 2019/20 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	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Borrowing Management											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.0%	0.0%	0.0%	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	0.0%	0.0%	0.0%	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%
Safety of Capital											
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%
Liquidity											
Current Ratio	Current assets/current liabilities	10.3	5.6	1.0	4.9	3.4	3.4	3.4	6.8	7.4	7.3
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	10.3	5.6	1.0	4.9	3.4	3.4	3.4	6.8	7.4	7.3
Liquidity Ratio	Monetary Assets/Current Liabilities	8.0	3.0	0.4	1.3	1.5	1.5	1.5	1.9	2.3	3.0
Revenue Management											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		32.7%	62.0%	19.3%	18.1%	34.0%	34.0%	34.0%	33.8%	40.4%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		32.7%	62.0%	19.3%	18.1%	34.0%	34.0%	34.0%	33.8%	40.4%	41.4%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	10.6%	17.8%	8.1%	18.4%	9.6%	9.6%	9.6%	14.4%	12.7%	10.9%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old	1.0%	1.0%	1.0%	2.0%	2.0%	2.0%	2.0%	20.0%	36.0%	40.0%
Creditors Management											
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		12.4%	33.0%	248.1%	170.3%	66.4%	66.4%	66.4%	53.5%	43.5%	33.5%
Other Indicators											
Employee costs	Employee costs/(Total Revenue - capital revenue)	16.9%	20.6%	18.6%	24.1%	21.8%	21.8%	21.8%	23.6%	23.7%	23.7%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	24.8%	27.4%	25.3%	31.4%	29.1%	29.1%		30.3%	30.4%	30.4%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	19.4%	13.8%	12.7%	15.6%	22.7%	22.7%		17.1%	15.5%	14.0%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	5.5%	6.2%	7.8%	6.5%	7.8%	7.8%	7.8%	7.6%	8.2%	8.9%
IDP regulation financial viability indicators											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	6.9	8.9	8.4	15.7	15.7	15.7	14.6	15.3	15.5	16.3
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	100.6%	143.9%	71.4%	167.8%	85.5%	85.5%	85.5%	121.3%	107.4%	93.2%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	6.2	3.8	0.7	0.5	1.1	1.1	1.1	0.9	0.9	1.3

3.3.1 Performance indicators and benchmarks

3.3.1.1 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 2019/20 MTREF due to poor own revenue collection rate.

3.3.1.2 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 2019/20 as our municipality does not have borrowings or overdraft and the ratio remain stable for the two outer years.

3.3.1.3 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 2017/18 financial year the current ratio is 1 as per the audited annual financial statements for 30 June 2018. For the 2018/19 financial year, it is estimated to be at 3.38. It is further estimated to be at 6.85 for the 2019/20 budget year and 7.44 & 7.25 for 2020/21 & 2021/22 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 2019/20 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.

3.3.1.4 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.

3.3.1.5 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 2019/20 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.

3.3.1.6 Other Indicators

- Employee costs as a percentage of operating revenue continues to increase for the 2019/20 MTREF as the municipality is filling critical vacancies to assist in efficient acceleration of service delivery to address the municipality's backlog.
- Repairs and maintenance as percentage of operating expenditure is 18% for 2019/20 budget year. The municipality will always ensure that its existing assets are properly maintained and repaired to lengthen their life span and to keep them in good working conditions.

3.3.2 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 2018/19 financial year registered indigents are been provided with a fifty (50) KWh token per household per month at a total cost **R 4.2 million** to the municipality. The cost of free basic electricity increases to **R 4.5 million** in 2019/20 financial year and increases to **R 4.8 million** and **R 5 million** in 2020/21 and 2021/22 respectively. The total amount of units provided per household remains at 50 KWh for the 2019/20 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)

3.4 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.

3.4.1 Review of credit control and debt collection procedures/policies

The Debt Collection Policy as approved by Council in May 2015 is was reviewed. 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.

The 2019/20 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 50 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 and since these overdue debtors has not paid in the past two financial years and an impairment was made to their balances as at 30 June 2018, the municipality has not made any projection for them in the cash flow statement for 2018/19 MTREF. In addition, the potential of a payment incentive scheme is being investigated and if found to be viable will be incorporated into the policy.

3.4.2 Budget 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.

3.4.3 Supply Chain Management Policy

The Supply Chain Management Policy was adopted by Council in May 2018. 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.

3.4.4 Cash Management and Investment Policy

The municipality's Cash Management and Investment Policy was adopted by Council in May 2018. 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 introduce time frames to achieve certain benchmarks.

3.4.5 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 reviewed policy will be submitted to council for approval in May 2018.

3.5 Overview of budget assumptions

3.5.1 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.

3.5.2 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 2019/20 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.

3.5.3 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.

3.5.4 Collection rate for revenue services

The municipality's assumption is that, the reduction of the property rates tariff implemented from 1 July 2016 will be affordable to the rate payers and collection will increase significantly as compared to the previous years.

3.5.5 Salary increases

We have budgeted salary increases as per the National Treasury Circular number 93 and 94. We budgeted an increase of 7 per cent for 2019/20 financial year.

3.5.6 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 are:

- 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.

3.6 Overview of budget funding

3.6.1 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

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 determination of the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

The proposed tariff reduction for the 2018/19 MTREF for Property rates can be shown as follows:

Table 4 Approved tariff reduction over the medium-term

Revenue Category	Approved Tariff 2017/18	Approved Tariff 2018/19	Approved Tariff 2019/20	Approved Tariff 2020/21
Property Rates	0.015 cents	0.015 cents	0.015 cents	0.015 cents

3.6.2 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	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		10,414	23,505	7,265	6,749	12,945	12,945	12,945	14,567	18,467	20,003
Service charges		-	-	-	-	-	-	-	-	-	-
Other revenue		32,704	30,471	6,228	29,018	52,715	52,715	52,715	7,250	7,638	7,978
Government - operating	1	232,170	228,253	243,135	256,837	256,837	256,837	256,837	270,771	288,976	310,061
Government - capital	1	75,450	94,210	74,655	66,000	66,000	66,000	66,000	-	-	-
Interest		32,200	10,225	8,749	10,235	5,304	5,304	5,304	5,693	6,034	6,336
Dividends		-	-	-	-	-	-	-	-	-	-
Payments											
Suppliers and employees		(208,296)	(221,951)	(380,917)	(257,931)	(272,150)	(272,150)	(272,150)	(275,364)	(278,923)	(290,497)
Finance charges		-	-	-	-	-	-	-	-	-	-
Transfers and Grants	1	-	-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		174,642	164,713	(40,885)	110,907	121,651	121,651	121,651	22,917	42,192	53,881
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		-	-	-	-	-	-	-	62,122	65,569	70,529
Payments											
Capital assets		(171,040)	(168,071)	(24,042)	(119,729)	(114,199)	(114,199)	(114,199)	(91,799)	(105,504)	(114,593)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(171,040)	(168,071)	(24,042)	(119,729)	(114,199)	(114,199)	(114,199)	(29,677)	(39,935)	(44,064)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-	-
Payments											
Repayment of borrowing		-	-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	-	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		3,602	(3,358)	(64,927)	(8,822)	7,452	7,452	7,452	(6,760)	2,257	9,817
Cash/cash equivalents at the year begin:	2	112,117	68,696	84,204	19,228	19,228	19,228	19,228	26,680	19,919	22,176
Cash/cash equivalents at the year end:	2	115,720	65,338	19,278	10,406	26,680	26,680	26,680	19,919	22,176	31,993

The above table shows a net decrease in cash held for 2019/20 financial year and a net increase the outer years.

3.6.3 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	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Cash and investments available											
Cash/cash equivalents at the year end	1	115,720	65,338	19,278	10,406	26,680	26,680	26,680	19,919	22,176	31,993
Other current investments > 90 days		0	-	-	12,435	-	-	-	(0)	(0)	(0)
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		115,720	65,338	19,278	22,841	26,680	26,680	26,680	19,919	22,176	31,993
Application of cash and investments											
Unspent conditional transfers		-	-	-	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2										
Other working capital requirements	3	(9,152)	(21,839)	43,146	(12,937)	(9,774)	(9,774)	(9,774)	(2,518)	(4,315)	(2,332)
Other provisions											
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		(9,152)	(21,839)	43,146	(12,937)	(9,774)	(9,774)	(9,774)	(2,518)	(4,315)	(2,332)
Surplus(shortfall)		124,872	87,177	(23,869)	35,778	36,454	36,454	36,454	22,437	26,491	34,325

From the above table it can be seen that the cash and investments available total is **R 19 million** in the 2019/20 financial year and increases to **R 22 million** by 2020/21 and **R 31 million** by 2021/22.

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	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Funding measures												
Cash/cash equivalents at the year end - R'000	18(1)b	1	115,720	65,338	19,278	10,406	26,680	26,680	26,680	19,919	22,176	31,993
Cash + investments at the yr end less applications - R'000	18(1)b	2	124,872	87,177	(23,869)	35,778	36,454	36,454	36,454	22,437	26,491	34,325
Cash year end/monthly employee/supplier payments	18(1)b	3	6.2	3.8	0.7	0.5	1.1	1.1	1.1	0.9	0.9	1.3
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	37,375	127,691	(67,576)	87,798	62,947	62,947	62,947	84,215	95,748	107,753
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	13.0%	(6.5%)	(7.2%)	(3.6%)	(6.0%)	(6.0%)	6.9%	0.1%	(0.2%)
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	73.2%	79.4%	17.3%	48.9%	84.1%	84.1%	84.1%	25.1%	28.4%	28.9%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	94.2%	82.9%	174.4%	78.8%	77.0%	77.0%	77.0%	83.4%	83.3%	82.7%
Capital payments % of capital expenditure	18(1)c,19	8	100.0%	100.0%	15.0%	115.0%	111.1%	111.1%	111.1%	109.4%	110.5%	106.5%
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.	70.2%	(50.6%)	131.8%	(47.9%)	0.0%	0.0%	60.3%	(6.0%)	(8.2%)
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	16.7%	10.0%	14.6%	13.8%	24.0%	24.0%	19.4%	22.6%	21.8%	20.6%
Asset renewal % of capital budget	20(1)(vi)	14	0.0%	11.0%	0.0%	2.4%	2.5%	2.5%	0.0%	0.0%	0.0%	0.0%
Supporting indicators												
% incr total service charges (incl prop rates)	18(1)a			19.0%	(0.5%)	(1.2%)	2.4%	0.0%	0.0%	12.9%	6.1%	5.8%
% incr Property Tax	18(1)a			19.0%	(0.5%)	(1.2%)	2.4%	0.0%	0.0%	12.9%	6.1%	5.8%
% 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	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		31,834	37,894	37,708	37,237	38,129	38,129	38,129	43,049	45,696	48,342
Service charges			31,834	37,894	37,708	37,237	38,129	38,129	38,129	43,049	45,696	48,342
Property rates			31,834	37,894	37,708	37,237	38,129	38,129	38,129	43,049	45,696	48,342
Service charges - other			-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment			115	121	150	130	130	130	130	142	152	156
Capital expenditure excluding capital grant funding			-	-	-	-	-	-	-	-	-	-
Cash receipts from ratepayers	18(1)a		43,118	53,976	13,493	35,767	65,660	65,660	65,660	21,817	26,105	27,981
Ratepayer & Other revenue	18(1)a		58,915	68,009	77,987	73,126	78,057	78,057	78,057	86,819	92,030	96,948
Change in consumer debtors (current and non-current)			8,638	22,561	(27,662)	35,647	5,647	5,647	5,647	(10,300)	(3,143)	(4,043)
Operating and Capital Grant Revenue	18(1)a		307,620	322,463	322,178	322,837	322,837	322,837	322,837	334,693	354,545	380,590
Capital expenditure - total	20(1)(vi)		171,040	168,071	160,282	104,112	102,782	102,782	102,782	83,913	95,504	107,593
Capital expenditure - renewal	20(1)(vi)		-	18,421	-	2,550	2,550	2,550		-	-	-
Supporting benchmarks												
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%
										-	-	-

Trend											
Change in consumer debtors (current and non-current)		8,638	22,561	(27,662)	5,647	(10,300)	(3,143)	(4,043)	-	-	-
Total Operating Revenue		302,787	306,487	333,339	340,198	340,199	340,199	340,199	365,083	387,040	413,345
Total Operating Expenditure		340,862	273,006	475,569	318,400	343,252	343,252	343,252	342,990	356,861	376,121
Operating Performance Surplus/(Deficit)		(38,075)	33,481	(142,231)	21,798	(3,053)	(3,053)	(3,053)	22,093	30,179	37,224
Cash and Cash Equivalents (30 June 2012)									19,919		
Revenue											
% Increase in Total Operating Revenue			1.2%	8.8%	2.1%	0.0%	0.0%	0.0%	7.3%	6.0%	6.8%
% Increase in Property Rates Revenue			19.0%	(0.5%)	(1.2%)	2.4%	0.0%	0.0%	12.9%	6.1%	5.8%
% Increase in Electricity Revenue			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
% Increase in Property Rates & Services Charges			19.0%	(0.5%)	(1.2%)	2.4%	0.0%	0.0%	12.9%	6.1%	5.8%
Expenditure											
% Increase in Total Operating Expenditure			(19.9%)	74.2%	(33.0%)	7.8%	0.0%	0.0%	(0.1%)	4.0%	5.4%
% Increase in Employee Costs			23.1%	(1.6%)	32.0%	(9.6%)	0.0%	0.0%	16.4%	6.5%	6.5%
% Increase in Electricity Bulk Purchases			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)				425487.5959	515695.2534				542534.7703		
Average Cost Per Councillor (Remuneration)				356644.7419	401759.6488				392406.4314		
R&M % of PPE		16.7%	10.0%	14.6%	13.8%	24.0%	24.0%		22.6%	21.8%	20.6%
Asset Renewal and R&M as a % of PPE		17.0%	14.0%	14.0%	15.0%	26.0%	26.0%		23.0%	22.0%	21.0%
Debt Impairment % of Total Billable Revenue		94.2%	82.9%	174.4%	78.8%	77.0%	77.0%	77.0%	83.4%	83.3%	82.7%
Capital Revenue											
Grant Funding and Other (R'000)		171,040	168,071	160,282	104,112	102,782	102,782	102,782	83,913	95,504	107,593
Internally Generated funds % of Non Grant Funding		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	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%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Capital Expenditure											
Total Capital Programme (R'000)		171,040	168,071	160,282	104,112	102,782	102,782	102,782	83,913	95,504	107,593
Asset Renewal		-	18,421	-	6,798	6,798	6,798	6,798	-	-	-
Asset Renewal % of Total Capital Expenditure		0.0%	11.0%	0.0%	6.5%	6.6%	6.6%	6.6%	0.0%	0.0%	0.0%
Cash											
Cash Receipts % of Rate Payer & Other		73.2%	79.4%	17.3%	48.9%	84.1%	84.1%	84.1%	25.1%	28.4%	28.9%
Cash Coverage Ratio		0	0	0	0	0	0	0	0	0	0
Borrowing											
Credit Rating (2009/10)									0		
Capital Charges to Operating		0.0%	0.0%	0.0%	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%
Reserves											
Surplus/(Deficit)		124,872	87,177	(23,869)	35,778	36,454	36,454	36,454	22,437	26,491	34,325
Free Services											
Free Basic Services as a % of Equitable Share		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
Free Services as a % of Operating Revenue (excl operational transfers)		0.9%	0.8%	0.7%	0.7%	0.7%	0.7%		0.7%	0.6%	0.6%
High Level Outcome of Funding Compliance											
Total Operating Revenue		302,787	306,487	333,339	340,198	340,199	340,199	340,199	365,083	387,040	413,345
Total Operating Expenditure		340,862	273,006	475,569	318,400	343,252	343,252	343,252	342,990	356,861	376,121
Surplus/(Deficit) Budgeted Operating Statement		(38,075)	33,481	(142,231)	21,798	(3,053)	(3,053)	(3,053)	22,093	30,179	37,224
Surplus/(Deficit) Considering Reserves and Cash Backing		124,872	87,177	(23,869)	35,778	36,454	36,454	36,454	22,437	26,491	34,325
MTREF Funded (1) / Unfunded (0)	15	1	1	0	1	1	1	1	1	1	1
MTREF Funded ✓ / Unfunded ✗	15	✓	✓	✗	✓	✓	✓	✓	✓	✓	✓

3.7 Expenditure on allocations and grants programmes

Table 30 MBRR SA18 - Transfers and Grants Received

LIM473 Makhuduthamaga - Supporting Table SA18 Transfers and grant receipts										
Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		232,170	235,253	247,523	256,837	256,837	256,837	272,571	288,976	310,061
Local Government Equitable Share		228,571	225,123	233,388	241,518	241,518	241,518	267,931	285,436	304,751
Finance Management		1,600	1,625	1,700	1,770	1,770	1,770	1,770	3,540	5,310
Municipal Systems Improvement		930	-	-	-	-	-	1,800	-	-
EPWP Incentive		1,069	1,505	1,158	1,537	1,537	1,537	1,070	-	-
Integrated National Electrification Programme		-	7,000	11,277	12,012	12,012	12,012	-	-	-
Total Operating Transfers and Grants	5	232,170	235,253	247,523	256,837	256,837	256,837	272,571	288,976	310,061
Capital Transfers and Grants										
National Government:		74,950	87,210	74,655	66,000	66,000	66,000	62,122	65,569	70,529
Municipal Infrastructure Grant (MIG)		74,950	87,210	74,655	66,000	66,000	66,000	62,122	65,569	70,529
Total Capital Transfers and Grants	5	74,950	87,210	74,655	66,000	66,000	66,000	62,122	65,569	70,529
TOTAL RECEIPTS OF TRANSFERS & GRANTS		307,120	322,463	322,178	322,837	322,837	322,837	334,693	354,545	380,590

Table 31 MBRR SA19 - Expenditure on Transfers & Grants

LIM473 Makhuduthamaga - Supporting Table SA19 Expenditure on transfers and grant programme										
Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
EXPENDITURE:	1									
Operating expenditure of Transfers and Grants										
National Government:		232,170	235,253	247,523	256,837	256,837	256,837	272,571	288,976	310,061
Local Government Equitable Share		228,571	225,123	233,388	241,518	241,518	241,518	267,931	285,436	304,751
Finance Management		1,600	1,625	1,700	1,770	1,770	1,770	1,770	3,540	5,310
Municipal Systems Improvement		930	-	-	-	-	-	1,800	-	-
EPWP Incentive		1,069	1,505	1,158	1,537	1,537	1,537	1,070	-	-
Integrated National Electrification Programme		-	7,000	11,277	12,012	12,012	12,012	-	-	-
Total operating expenditure of Transfers and Grants:		232,170	235,253	247,523	256,837	256,837	256,837	272,571	288,976	310,061
Capital expenditure of Transfers and Grants										
National Government:		74,950	87,210	74,655	66,000	66,000	66,000	62,122	65,569	70,529
Municipal Infrastructure Grant (MIG)		74,950	87,210	74,655	66,000	66,000	66,000	62,122	65,569	70,529
Total capital expenditure of Transfers and Grants		74,950	87,210	74,655	66,000	66,000	66,000	62,122	65,569	70,529
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		307,120	322,463	322,178	322,837	322,837	322,837	334,693	354,545	380,590

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	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Operating transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year										
Current year receipts		232,170	228,253	247,523	256,837	256,837	256,837	272,571	288,976	310,061
Conditions met - transferred to revenue		232,170	228,253	247,523	256,837	256,837	256,837	272,571	288,976	310,061
Total operating transfers and grants revenue		232,170	228,253	247,523	256,837	256,837	256,837	272,571	288,976	310,061
Total operating transfers and grants - CTBM	2	-	-	-	-	-	-	-	-	-
Capital transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year					6,111	6,111	6,111			
Current year receipts		74,950	94,210	74,655	66,000	66,000	66,000	62,122	65,569	70,529
Conditions met - transferred to revenue		74,950	94,210	74,655	72,111	72,111	72,111	62,122	65,569	70,529
Total capital transfers and grants revenue		74,950	94,210	74,655	72,111	72,111	72,111	62,122	65,569	70,529
Total capital transfers and grants - CTBM	2	-	-	-	-	-	-	-	-	-
TOTAL TRANSFERS AND GRANTS REVENUE		307,120	322,463	322,178	328,948	328,948	328,948	334,693	354,545	380,590
TOTAL TRANSFERS AND GRANTS - CTBM		-	-	-	-	-	-	-	-	-

3.8 Allocations and grants made by the municipality.

Our municipality does not have any allocations any grants transferred to other municipalities or entities as indicated by the table below.

LIM473 Makhuduthamaga - Supporting Table SA21 Transfers and grants made by the municipality											
Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Cash Transfers to other municipalities											
-	1	-	-	-	-	-	-	-	-	-	-
Total Cash Transfers To Municipalities:		-	-	-	-	-	-	-	-	-	-
Cash Transfers to Entities/Other External Mechanisms											
-	2	-	-	-	-	-	-	-	-	-	-
Total Cash Transfers To Entities/Ems'		-	-	-	-	-	-	-	-	-	-
Cash Transfers to other Organs of State											
-	3	-	-	-	-	-	-	-	-	-	-
Total Cash Transfers To Other Organs Of State:		-	-	-	-	-	-	-	-	-	-
Cash Transfers to Organisations											
-		-	-	-	-	-	-	-	-	-	-
Total Cash Transfers To Organisations		-	-	-	-	-	-	-	-	-	-
Cash Transfers to Groups of Individuals											
-		-	-	-	-	-	-	-	-	-	-
Total Cash Transfers To Groups Of Individuals:		-	-	-	-	-	-	-	-	-	-
TOTAL CASH TRANSFERS AND GRANTS	6	-	-	-	-	-	-	-	-	-	-
Non-Cash Transfers to other municipalities											
-	1	-	-	-	-	-	-	-	-	-	-
Total Non-Cash Transfers To Municipalities:		-	-	-	-	-	-	-	-	-	-
Non-Cash Transfers to Entities/Other External Mechanisms											
-	2	-	-	-	-	-	-	-	-	-	-
Total Non-Cash Transfers To Entities/Ems'		-	-	-	-	-	-	-	-	-	-
Non-Cash Transfers to other Organs of State											
-	3	-	-	-	-	-	-	-	-	-	-
Total Non-Cash Transfers To Other Organs Of State:		-	-	-	-	-	-	-	-	-	-
Non-Cash Grants to Organisations											
-	4	-	-	-	-	-	-	-	-	-	-
Total Non-Cash Grants To Organisations		-	-	-	-	-	-	-	-	-	-
Groups of Individuals											
-	5	-	-	-	-	-	-	-	-	-	-
Total Non-Cash Grants To Groups Of Individuals:		-	-	-	-	-	-	-	-	-	-
TOTAL NON-CASH TRANSFERS AND GRANTS		-	-	-	-	-	-	-	-	-	-
TOTAL TRANSFERS AND GRANTS	6	-	-	-	-	-	-	-	-	-	-

3.9 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	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand		A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages	1	11,464	11,490	12,225	13,961	13,961	13,961	13,776	14,741	15,772
Pension and UIF Contributions		2,468	2,873	2,312	2,847	2,847	2,847	2,336	2,499	2,674
Medical Aid Contributions		–	–	–	–	–	–	–	–	–
Motor Vehicle Allowance		4,317	4,788	4,745	5,092	5,092	5,092	4,792	5,128	5,487
Cellphone Allowance		1,660	1,400	2,527	2,660	2,660	2,660	3,026	3,101	3,318
Housing Allowances		–	–	–	–	–	–	–	–	–
Other benefits and allowances		–	242	303	349	349	349	399	426	456
Sub Total - Councillors		19,909	20,792	22,112	24,909	24,909	24,909	24,329	25,895	27,708
% increase	4		4.4%	6.3%	12.6%	–	–	(2.3%)	6.4%	7.0%
Senior Managers of the Municipality										
Basic Salaries and Wages	2	2,235	3,170	1,794	4,407	4,130	4,130	3,420	3,642	3,879
Pension and UIF Contributions		401	146	5	164	74	74	318	338	360
Medical Aid Contributions		173	233	165	307	307	307	369	392	418
Overtime		–	–	–	–	(45)	(45)	–	–	–
Performance Bonus		–	–	–	–	–	–	–	–	–
Motor Vehicle Allowance	3	889	831	568	1,264	1,264	1,264	1,220	1,299	1,384
Cellphone Allowance	3	91	114	57	181	136	136	106	113	120
Housing Allowances	3	126	359	246	522	522	522	206	219	233
Other benefits and allowances	3	56	80	397	75	47	47	64	68	72
Payments in lieu of leave		–	–	–	–	–	–	–	–	–
Long service awards		–	–	–	–	–	–	–	–	–
Post-retirement benefit obligations	6	–	–	–	–	–	–	–	–	–
Sub Total - Senior Managers of Municipality		3,970	4,932	3,232	6,920	6,434	6,434	5,701	6,072	6,466
% increase	4		24.2%	(34.5%)	114.1%	(7.0%)	–	(11.4%)	6.5%	6.5%
Other Municipal Staff										
Basic Salaries and Wages		26,886	29,337	35,062	40,658	36,479	36,479	43,531	46,360	49,374
Pension and UIF Contributions		5,814	6,487	6,425	8,512	7,748	7,748	8,171	8,702	9,268
Medical Aid Contributions		2,294	5,341	3,240	5,824	5,180	5,180	6,583	7,011	7,467
Overtime		268	2,268	534	1,175	1,155	1,155	664	707	753
Performance Bonus		–	–	–	–	–	–	–	–	–
Motor Vehicle Allowance	3	6,751	7,686	7,812	9,245	8,294	8,294	10,882	11,590	12,343
Cellphone Allowance	3	1,128	1,240	1,314	1,348	1,317	1,317	1,889	2,012	2,142
Housing Allowances	3	1,693	2,697	2,352	3,722	3,326	3,326	4,229	4,504	4,797
Other benefits and allowances	3	2,433	3,124	2,151	4,592	4,162	4,162	4,613	4,913	5,232
Payments in lieu of leave		2,768	–	–	–	–	–	–	–	–
Long service awards		1,250	–	–	–	–	–	–	–	–
Post-retirement benefit obligations	6	–	–	–	–	–	–	–	–	–
Sub Total - Other Municipal Staff		51,285	58,179	58,889	75,076	67,661	67,661	80,562	85,799	91,375
% increase	4		13.4%	1.2%	27.5%	(9.9%)	–	19.1%	6.5%	6.5%
Total Parent Municipality		75,165	83,904	84,233	106,905	99,004	99,004	110,592	117,765	125,549
			11.6%	0.4%	26.9%	(7.4%)	–	11.7%	6.5%	6.6%
TOTAL SALARY, ALLOWANCES & BENEFITS		75,165	83,904	84,233	106,905	99,004	99,004	110,592	117,765	125,549
% increase	4		11.6%	0.4%	26.9%	(7.4%)	–	11.7%	6.5%	6.6%
TOTAL MANAGERS AND STAFF	5.7	55,255	63,112	62,121	81,996	74,095	74,095	86,263	91,870	97,842

2.9 The following table SA23 indicates the remuneration for the political office bearers.

LIM473 Makhuduthamaga - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)								
Disclosure of Salaries, Allowances & Benefits 1.	Ref	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
				1				2
Rand per annum								
Councillors	3							
Speaker	4		628,842	79,712	51,392			759,946
Chief Whip			423,472	74,730	217,415			715,617
Executive Mayor			786,043	99,640	52,244			937,928
Deputy Executive Mayor			-	-	-			-
Executive Committee			2,687,208	474,213	1,503,960			4,665,381
Total for all other councillors			9,649,183	1,607,630	5,993,514			17,250,327
Total Councillors	8	-	14,174,748	2,335,925	7,818,525			24,329,199
Senior Managers of the Municipality	5							
Municipal Manager (MM)			666,723	179,712	265,214			1,111,649
Chief Finance Officer			550,561	84,047	283,360			917,968
Senior Manager: Corporate Services			550,561	138,293	228,973			917,826
Senior Manager: Infrastructure Development			550,561	68,981	298,426			917,968
Senior Manager: Economic Development & Planning			550,561	209,749	157,287			917,597
Senior Manager: Community Services			550,561	68,981	298,426			917,968
Total Senior Managers of the Municipality	8,10	-	3,419,526	749,764	1,531,687	-		5,700,976
A Heading for Each Entity	6,7							
List each member of board by designation								
Total for municipal entities	8,10	-	-	-	-	-		-
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	10	-	17,594,274	3,085,689	9,350,212	-		30,030,175

3. SA24 Indicates the Personnel Numbers

LIM473 Makhuduthamaga - Supporting Table SA24 Summary of personnel numbers

Summary of Personnel Numbers	Ref	2017/18			Current Year 2018/19			Budget Year 2019/20			
		1,2	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities											
Councillors (Political Office Bearers plus Other Councillors)			62		62		62		62		62
Board Members of municipal entities	4										
Municipal employees											
Municipal Manager and Senior Managers	3		6		6		6		6		6
Other Managers	7										
Professionals			103	92	11	112	101	11	112	101	11
<i>Finance</i>			52	44	8	56	48	8	56	48	8
<i>Spatial/town planning</i>			7	6	1	9	8	1	9	8	1
<i>Information Technology</i>			3	3	–	4	4	–	4	4	–
<i>Roads</i>			6	4	2	6	4	2	6	4	2
<i>Electricity</i>			1	1	–	1	1	–	1	1	–
<i>Other</i>			34	34	–	36	36	–	36	36	–
Technicians			–	–	–	–	–	–	–	–	–
Clerks (Clerical and administrative)			31	27	4	31	27	4	31	27	4
Plant and Machine Operators			6	6	–	10	10	–	10	10	–
Elementary Occupations											
TOTAL PERSONNEL NUMBERS	9		208	125	83	221	138	83	221	138	83

3.10 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														Medium Term Revenue and Expenditure Framework		
Description	Ref	Budget Year 2019/20												Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
		July	August	Sept.	October	November	December	January	February	March	April	May	June			
Revenue By Source																
Property rates		3,587	3,587	3,587	3,587	3,587	3,587	3,587	3,587	3,587	3,587	3,587	3,587	43,049	45,696	48,342
Rental of facilities and equipment		10	10	10	14	10	10	10	15	9	18	20	7	142	152	156
Interest earned - external investments		654	691	560	402	383	404	367	361	399	536	616	319	5,693	6,034	6,336
Interest earned - outstanding debtors		3,036	3,404	3,035	3,113	3,094	3,205	3,033	2,994	3,005	3,033	3,081	1,875	35,906	38,061	39,964
Fines, penalties and forfeits		27	94	67	54	46	100	40	40	39	52	39	30	626	650	686
Agency services		502	502	502	502	513	579	579	579	579	590	600	523	6,553	7,011	7,432
Transfers and subsidies		116,101	268	-	-	482	88,417	-	321	66,983	-	-	-	272,571	288,976	310,061
Other revenue		67	37	57	71	32	37	14	64	3	80	20	62	544	461	368
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		123,985	8,593	7,818	7,745	8,146	96,340	7,630	7,960	74,605	7,895	7,962	6,403	365,083	387,040	413,345
Expenditure By Type																
Employee related costs		7,105	7,360	7,368	7,208	7,125	7,138	7,163	7,210	7,130	7,201	7,095	7,159	86,263	91,870	97,842
Remuneration of councillors		2,027	2,027	2,027	2,027	2,027	2,027	2,027	2,027	2,027	2,027	2,027	2,027	24,329	26,032	27,854
Debt impairment		-	-	-	-	-	-	-	-	-	-	-	35,906	35,906	38,061	39,964
Depreciation & asset impairment		2,310	2,310	2,310	2,310	2,310	2,310	2,310	2,310	2,310	2,310	2,310	2,310	27,720	31,878	36,660
Contracted services		12,484	7,543	5,607	13,147	9,397	8,037	8,724	9,064	6,695	9,884	7,885	6,242	104,709	102,456	103,292
Other expenditure		7,175	6,008	5,694	6,219	4,057	6,668	5,975	6,319	6,449	4,022	3,358	2,119	64,062	66,564	70,509
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure		31,102	25,248	23,006	30,912	24,917	26,180	26,200	26,931	24,612	25,444	22,675	55,764	342,990	356,861	376,121
Surplus/(Deficit)																
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		92,883	(16,656)	(15,188)	(23,167)	(16,770)	70,159	(18,570)	(18,970)	49,994	(17,549)	(14,713)	(49,361)	22,093	30,179	37,224
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		27,955	-	-	-	-	24,849	-	-	9,318	-	-	-	62,122	65,569	70,529
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		120,838	(16,656)	(15,188)	(23,167)	(16,770)	95,008	(18,570)	(18,970)	59,312	(17,549)	(14,713)	(49,361)	84,215	95,748	107,753
Taxation														-	-	-
Attributable to minorities														-	-	-
Share of surplus/ (deficit) of associate														-	-	-

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

LIM473 Makhuduthamaga - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)														Medium Term Revenue and Expenditure Framework			
Description	Ref	Budget Year 2019/20												Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22	
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June				
Revenue by Vote																	
Vote 1 - Executive Support														-	-	-	-
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		151,940	8,593	7,818	7,745	8,146	121,188	7,630	7,960	83,923	7,895	7,962	6,403	427,205	452,609	483,874	
Total Revenue by Vote		151,940	8,593	7,818	7,745	8,146	121,188	7,630	7,960	83,923	7,895	7,962	6,403	427,205	452,609	483,874	
Expenditure by Vote to be appropriated																	
Vote 1 - Executive Support		6,415	4,206	6,142	8,187	3,346	6,590	6,377	4,232	6,326	6,725	3,314	3,403	65,263	70,183	74,674	
Vote 2 - Office of the Municipal Manager		889	1,557	879	1,889	879	851	1,857	922	1,573	857	1,001	909	14,062	14,316	15,562	
Vote 3 - Economic Development and Planning		4,335	424	586	1,467	1,224	561	660	924	1,061	457	924	1,063	13,688	13,262	14,517	
Vote 4 - Infrastructure Development		4,400	2,976	1,893	5,176	5,300	3,471	3,250	5,623	1,488	3,907	4,095	1,991	43,571	36,765	33,245	
Vote 5 - Community Services		4,407	4,790	4,453	4,575	5,451	5,102	4,933	4,563	4,531	5,033	4,754	4,467	57,060	60,623	64,364	
Vote 6 - Corporate Services		3,337	2,998	1,747	2,096	1,549	1,920	2,259	4,319	1,742	1,812	1,689	1,477	26,945	29,177	30,878	
Vote 7 - Budget and Treasury		7,319	8,297	7,306	7,520	7,167	7,684	6,864	6,347	7,890	6,654	6,898	42,453	122,400	132,534	142,881	
Total Expenditure by Vote		31,102	25,248	23,006	30,912	24,917	26,180	26,200	26,931	24,612	25,444	22,675	55,764	342,990	356,861	376,121	
Surplus/(Deficit) before assoc.		120,838	(16,656)	(15,188)	(23,167)	(16,770)	95,008	(18,570)	(18,970)	59,312	(17,549)	(14,713)	(49,361)	84,215	95,748	107,753	
Surplus/(Deficit)	1	120,838	(16,656)	(15,188)	(23,167)	(16,770)	95,008	(18,570)	(18,970)	59,312	(17,549)	(14,713)	(49,361)	84,215	95,748	107,753	

Table 38 MBRR SA27 - Budgeted monthly revenue and expenditure (Standard classification)

LIM473 Makhuduthamaga - Supporting Table SA27 Budgeted monthly revenue and expenditure (functional classification)																
Description	Ref	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue - Functional																
<i>Governance and administration</i>		151,940	8,593	7,818	7,745	8,146	121,188	7,630	7,960	83,923	7,895	7,962	6,403	427,205	452,609	483,874
Executive and council																
Finance and administration		151,940	8,593	7,818	7,745	8,146	121,188	7,630	7,960	83,923	7,895	7,962	6,403	427,205	452,609	483,874
Internal audit																
Total Revenue - Functional		151,940	8,593	7,818	7,745	8,146	121,188	7,630	7,960	83,923	7,895	7,962	6,403	427,205	452,609	483,874
Expenditure - Functional																
<i>Governance and administration</i>		17,961	17,058	16,074	19,693	12,940	17,045	17,357	15,820	17,531	16,047	12,902	48,242	228,670	246,211	263,995
Executive and council		7,305	5,763	7,020	10,076	4,224	7,441	8,234	5,154	7,899	7,581	4,315	312	75,325	80,899	86,086
Finance and administration		10,606	10,545	9,003	8,567	8,666	9,604	8,573	10,616	8,931	8,416	8,437	47,663	149,627	162,230	174,312
Internal audit		50	750	50	1,050	50	–	550	50	700	50	150	268	3,718	3,082	3,597
<i>Community and public safety</i>		2,074	1,791	2,314	1,979	2,452	2,066	1,834	2,616	2,245	2,299	2,339	3,445	27,454	27,586	30,020
Community and social services		538	748	461	723	909	409	791	409	912	538	944	1,809	9,191	9,574	10,343
Sport and recreation		200	–	150	–	350	–	–	400	–	210	190	–	1,500	1,700	2,000
Public safety		1,065	1,043	1,244	1,076	1,193	1,116	1,043	1,177	1,043	1,175	1,043	1,065	13,285	14,139	15,068
Housing		270	–	460	180	–	540	–	630	290	376	162	570	3,478	2,174	2,609
Health																
<i>Economic and environmental services</i>		10,183	5,683	1,322	8,436	8,408	5,031	6,022	7,661	4,120	6,081	6,400	6,834	76,181	71,383	70,382
Planning and development		4,335	424	586	1,467	1,224	561	660	3,298	1,061	457	924	958	15,957	15,674	17,082
Road transport		3,548	2,559	736	4,469	4,883	2,169	2,563	2,063	759	2,824	3,176	875	30,624	24,210	20,300
Environmental protection		2,300	2,700	–	2,500	2,300	2,300	2,800	2,300	2,300	2,800	2,300	5,000	29,600	31,500	33,000
<i>Trading services</i>		885	716	3,296	804	1,116	2,039	986	834	716	1,017	1,034	(2,757)	10,686	11,681	11,724
Energy sources		582	417	697	527	417	762	687	557	439	707	757	651	7,201	7,970	7,772
Water management																
Waste water management																
Waste management		303	299	2,599	277	699	1,277	299	277	277	310	277	(3,408)	3,485	3,711	3,953
<i>Other</i>																
Total Expenditure - Functional		31,102	25,248	23,006	30,912	24,917	26,180	26,200	26,931	24,612	25,444	22,675	55,764	342,990	356,861	376,121
Surplus/(Deficit) before assoc.		120,838	(16,656)	(15,188)	(23,167)	(16,770)	95,008	(18,570)	(18,970)	59,312	(17,549)	(14,713)	(49,361)	84,215	95,748	107,753
Share of surplus/ (deficit) of associate																
Surplus/(Deficit)	1	120,838	(16,656)	(15,188)	(23,167)	(16,770)	95,008	(18,570)	(18,970)	59,312	(17,549)	(14,713)	(49,361)	84,215	95,748	107,753

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 2019/20												Medium Term Revenue and Expenditure Framework					
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22			
Multi-year expenditure to be appropriated	1																		
Vote 1 - Executive Support														-	-	-			
Vote 2 - Office of the Municipal Manager														-	-	-			
Vote 3 - Economic Development and Planning														-	-	-			
Vote 4 - Infrastructure Development		3,931	4,485	11,150	4,235	9,870	4,550	12,750	435	10,628	465	9,087	6,328	77,913	88,304	98,093			
Vote 5 - Community Services														-	-	-			
Vote 6 - Corporate Services														-	-	-			
Vote 7 - Budget and Treasury														-	-	-			
Capital multi-year expenditure sub-total	2	3,931	4,485	11,150	4,235	9,870	4,550	12,750	435	10,628	465	9,087	6,328	77,913	88,304	98,093			
Single-year expenditure to be appropriated																			
Vote 1 - Executive Support														-	-	-			
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		-	-	900	-	-	-	-	-	1,100	-	-	-	2,000	2,400	2,500			
Vote 7 - Budget and Treasury		-	-	-	-	-	700	3,000	-	-	300	-	-	4,000	4,800	7,000			
Capital single-year expenditure sub-total	2	-	-	900	-	-	700	3,000	-	1,100	300	-	-	6,000	7,200	9,500			
Total Capital Expenditure	2	3,931	4,485	12,050	4,235	9,870	5,250	15,750	435	11,728	765	9,087	6,328	83,913	95,504	107,593			

Table 40 MBRR SA29 - Budgeted monthly capital expenditure (Standard classification)

LIM473 Makhuduthamaga - Supporting Table SA29 Budgeted monthly capital expenditure (functional classification)														Medium Term Revenue and Expenditure Framework		
Description	Ref	Budget Year 2019/20												Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June			
Capital Expenditure - Functional	1															
Governance and administration		-	-	900	-	-	700	3,000	-	1,100	300	-	-	6,000	7,200	9,500
Executive and council														-	-	-
Finance and administration		-	-	900	-	-	700	3,000	-	1,100	300	-	-	6,000	7,200	9,500
Internal audit														-	-	-
Economic and environmental services		3,931	4,485	11,150	4,235	9,870	4,550	12,750	435	10,628	465	9,087	6,328	77,913	88,304	98,093
Planning and development		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Road transport		3,931	4,485	11,150	4,235	9,870	4,550	12,750	435	10,628	465	9,087	6,328	77,913	88,304	98,093
Environmental protection														-	-	-
Trading services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other														-	-	-
Total Capital Expenditure - Functional	2	3,931	4,485	12,050	4,235	9,870	5,250	15,750	435	11,728	765	9,087	6,328	83,913	95,504	107,593
Funded by:																
National Government		3,931	4,485	12,050	4,235	9,870	5,250	15,750	435	11,728	765	9,087	6,328	83,913	95,504	107,593
Transfers recognised - capital		3,931	4,485	12,050	4,235	9,870	5,250	15,750	435	11,728	765	9,087	6,328	83,913	95,504	107,593
Borrowing														-	-	-
Internally generated funds														-	-	-
Total Capital Funding		3,931	4,485	12,050	4,235	9,870	5,250	15,750	435	11,728	765	9,087	6,328	83,913	95,504	107,593

Table 41 MBRR SA30 - Budgeted monthly cash flow (Standard classification)

LIM473 Makhuduthamaga - Supporting Table SA30 Budgeted monthly cash flow																		
MONTHLY CASH FLOWS	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework					
	R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22		
Cash Receipts By Source													1					
Property rates	1,014	1,014	1,014	1,014	1,214	1,214	1,214	1,214	1,257	1,257	1,257	1,885	14,567	18,467	20,003			
Rental of facilities and equipment	10	10	10	14	10	10	10	15	9	18	20	7	142	152	156			
Interest earned - external investments	654	691	560	402	383	404	367	361	399	537	616	318	5,693	6,034	6,336			
Interest earned - outstanding debtors																		
Fines, penalties and forfeits	1	1	-	2	-	1	-	1	2	1	1	4	12	14	21			
Licences and permits																		
Agency services	502	502	502	502	513	579	579	579	579	590	600	523	6,553	7,011	7,432			
Transfer receipts - operational	114,301	268	-	-	482	88,417	-	321	66,983	-	-	-	270,771	288,976	310,061			
Other revenue	67	37	57	71	32	37	14	64	3	80	20	62	544	461	368			
Cash Receipts by Source	116,549	2,522	2,142	2,006	2,634	90,662	2,184	2,554	69,233	2,482	2,513	2,799	298,281	321,115	344,378			
Other Cash Flows by Source																		
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)	27,955	-	-	-	-	24,849	-	-	9,318	-	-	-	62,122	65,569	70,529			
Total Cash Receipts by Source	144,504	2,522	2,142	2,006	2,634	115,511	2,184	2,554	78,552	2,482	2,513	2,799	360,403	386,684	414,907			
Cash Payments by Type																		
Employee related costs	7,105	7,360	7,368	7,208	7,125	7,138	7,163	7,210	7,130	7,201	7,095	7,159	86,263	91,870	97,842			
Remuneration of councillors	2,027	2,027	2,027	2,027	2,027	2,027	2,027	2,027	2,027	2,027	2,027	2,027	24,329	26,032	27,854			
Contracted services	12,484	7,543	5,607	13,147	9,397	8,037	8,724	9,064	6,695	9,884	7,885	2,242	100,709	94,456	94,292			
Other expenditure	7,175	6,008	5,694	6,219	4,057	6,668	5,975	6,319	6,449	4,022	3,358	2,119	64,062	66,564	70,509			
Cash Payments by Type	28,792	22,938	20,696	28,602	22,607	23,870	23,890	24,621	22,302	23,134	20,365	13,548	275,364	278,923	290,497			
Other Cash Flows/Payments by Type																		
Capital assets	3,861	4,875	12,050	4,235	9,870	7,250	15,750	3,535	11,228	2,765	9,087	7,294	91,799	105,504	114,593			
Total Cash Payments by Type	32,652	27,813	32,746	32,836	32,476	31,120	39,640	28,155	33,530	25,899	29,452	20,842	367,163	384,427	405,090			
NET INCREASE/(DECREASE) IN CASH HELD	111,851	(25,291)	(30,604)	(30,831)	(29,843)	84,391	(37,455)	(25,601)	45,022	(23,417)	(26,939)	(18,043)	(6,760)	2,257	9,817			
Cash/cash equivalents at the month/year begin:	26,680	138,531	113,240	82,636	51,805	21,962	106,353	68,898	43,297	88,319	64,902	37,963	26,680	19,919	22,176			
Cash/cash equivalents at the month/year end:	138,531	113,240	82,636	51,805	21,962	106,353	68,898	43,297	88,319	64,902	37,963	19,919	19,919	22,176	31,993			

3.11 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.

3.12 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	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Capital expenditure on new assets by Asset Class/Sub-class										
Infrastructure		150,590	125,889	148,751	85,592	86,892	86,892	77,913	88,304	98,093
Roads Infrastructure		148,490	116,389	136,179	85,592	86,892	86,892	77,913	88,304	98,093
<i>Roads</i>		148,490	116,389	136,179	85,592	86,892	86,892	77,913	88,304	98,093
Electrical Infrastructure		2,100	7,000	10,144	-	-	-	-	-	-
<i>LV Networks</i>		2,100	7,000	10,144	-	-	-	-	-	-
Solid Waste Infrastructure		-	2,500	2,428	-	-	-	-	-	-
<i>Waste Processing Facilities</i>		-	2,500	2,428	-	-	-	-	-	-
Community Assets		3,700	3,060	-	4,417	2,787	2,787	-	-	-
Community Facilities		3,700	3,060	-	4,417	2,787	2,787	-	-	-
<i>Police</i>		-	-	-	1,217	1,217	1,217	-	-	-
<i>Public Open Space</i>		3,700	3,060	-	3,200	1,570	1,570	-	-	-
Computer Equipment		4,050	3,500	5,463	2,522	1,522	1,522	2,000	2,400	2,500
Computer Equipment		4,050	3,500	5,463	2,522	1,522	1,522	2,000	2,400	2,500
Furniture and Office Equipment		-	-	-	1,739	1,339	1,339	1,000	1,300	1,500
Furniture and Office Equipment		-	-	-	1,739	1,339	1,339	1,000	1,300	1,500
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Transport Assets		12,700	17,200	6,069	3,043	3,443	3,443	3,000	3,500	5,500
Transport Assets		12,700	17,200	6,069	3,043	3,443	3,443	3,000	3,500	5,500
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Total Capital Expenditure on new assets	1	171,040	149,649	160,282	97,314	95,984	95,984	83,913	95,504	107,593

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	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand	1									
Capital expenditure on renewal of existing assets by Asset Class/Sub-class										
Infrastructure		-	18,421	-	2,550	2,550	2,550	-	-	-
Roads Infrastructure		-	18,421	-	-	-	-	-	-	-
<i>Roads</i>		-	18,421	-	-	-	-	-	-	-
Sanitation Infrastructure		-	-	-	2,550	2,550	2,550	-	-	-
<i>Toilet Facilities</i>		-	-	-	2,550	2,550	2,550	-	-	-
Total Capital Expenditure on renewal of existing assets	1	-	18,421	-	2,550	2,550	2,550	-	-	-

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	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Repairs and maintenance expenditure by Asset Class/Sub-class	1									
Infrastructure		41,650	39,800	25,000	43,261	67,261	67,261	53,513	51,413	48,217
Roads Infrastructure		37,550	36,100	22,000	15,000	38,000	38,000	21,739	17,304	13,043
<i>Roads</i>										
<i>Road Structures</i>		37,550	36,100	22,000	15,000	38,000	38,000	21,739	17,304	13,043
Electrical Infrastructure		4,100	3,700	3,000	2,000	3,000	3,000	2,174	2,609	2,174
<i>LV Networks</i>		4,100	3,700	3,000	2,000	3,000	3,000	2,174	2,609	2,174
<i>Capital Spares</i>										
Solid Waste Infrastructure		-	-	-	26,261	26,261	26,261	29,600	31,500	33,000
<i>Landfill Sites</i>					26,261	26,261	26,261	29,600	31,500	33,000
Community Assets		-	-	2,100	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	2,100	-	-	-	-	-	-
<i>Outdoor Facilities</i>				2,100						
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets		-	-	6,500	2,500	1,800	1,800	3,478	2,174	2,609
Operational Buildings		-	-	6,500	2,500	1,800	1,800	3,478	2,174	2,609
<i>Municipal Offices</i>				6,500	2,500	1,800	1,800	3,478	2,174	2,609
Computer Equipment		1,027	1,300	6,000	5,739	6,739	6,739	3,600	4,000	4,200
Computer Equipment		1,027	1,300	6,000	5,739	6,739	6,739	3,600	4,000	4,200
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment										
Machinery and Equipment		13,612	-	-	-	-	-	-	-	-
Machinery and Equipment		13,612	-	-						
Transport Assets		2,538	1,100	2,781	1,522	1,522	1,522	2,000	2,300	2,700
Transport Assets		2,538	1,100	2,781	1,522	1,522	1,522	2,000	2,300	2,700
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals										
Total Repairs and Maintenance Expenditure	1	58,828	42,200	42,381	53,022	77,322	77,322	62,591	59,887	57,726

Table 45 MBRR SA34d – Depreciation by Asset class

LIM473 Makhuduthamaga - Supporting Table SA34d Depreciation by asset class										
Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Depreciation by Asset Class/Sub-class										
Infrastructure		10,999	12,536	15,659	12,212	13,588	13,588	14,580	16,767	19,282
Roads Infrastructure		10,638	12,125	15,659	11,791	13,188	13,188	14,030	16,135	18,555
Roads		10,638	12,125	15,659	11,791	13,188	13,188	14,030	16,135	18,555
Electrical Infrastructure		361	412	–	421	400	400	550	633	727
LV Networks		361	412	–	421	400	400	550	633	727
Community Assets		–	–	112	74	230	230	230	265	304
Community Facilities		–	–	112	74	230	230	230	265	304
Markets				112	74	230	230	230	265	304
Intangible Assets		499	569	941	991	1,437	1,437	800	920	1,058
Servitudes										
Licences and Rights		499	569	941	991	1,437	1,437	800	920	1,058
Computer Software and Applications		499	569	941	991	1,437	1,437	800	920	1,058
Computer Equipment		1,321	1,506	2,650	2,593	2,811	2,811	3,200	3,680	4,232
Computer Equipment		1,321	1,506	2,650	2,593	2,811	2,811	3,200	3,680	4,232
Furniture and Office Equipment		755	861	387	476	429	429	440	506	582
Furniture and Office Equipment		755	861	387	476	429	429	440	506	582
Machinery and Equipment		384	438	569	629	2,480	2,480	2,470	2,841	3,267
Machinery and Equipment		384	438	569	629	2,480	2,480	2,470	2,841	3,267
Transport Assets		1,972	2,247	4,081	3,213	4,108	4,108	4,500	5,175	5,951
Transport Assets		1,972	2,247	4,081	3,213	4,108	4,108	4,500	5,175	5,951
Land		–	–	–	–	–	–	–	–	–
Land										
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals										
Total Depreciation	1	16,616	18,938	26,108	22,198	26,511	26,511	27,720	31,878	36,660

Table 46 MBRR SA34e – Capital expenditure on the upgrading of existing assets

LIM473 Makhuduthamaga - Supporting Table SA34e Capital expenditure on the upgrading of existing assets by asset class										
Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand	1									
Capital expenditure on upgrading of existing assets by Asset Class/Sub-class										
Infrastructure		-	-	-	-	-	-	-	-	-
Community Assets		-	-	-	4,248	4,248	4,248	-	-	-
Community Facilities		-	-	-	4,248	4,248	4,248	-	-	-
Testing Stations					4,248	4,248	4,248			
Total Capital Expenditure on upgrading of existing assets	1	-	-	-	4,248	4,248	4,248	-	-	-

Table 46 MBRR SA35 - Future financial implications of the capital budget

LIM473 Makhuduthamaga - Supporting Table SA35 Future financial implications of the capital budget								
Vote Description	Ref	2019/20 Medium Term Revenue & Expenditure Framework			Forecasts			Present value
		Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25	
R thousand								
Capital expenditure	1							
Vote 1 - Executive Support		–	–	–	–	–	–	
Vote 2 - Office of the Municipal Manager		–	–	–	–	–	–	
Vote 3 - Economic Development and Planning		–	–	–	–	–	–	
Vote 4 - Infrastructure Development		77,913	88,304	98,093	108,000	116,600	119,000	
Vote 5 - Community Services		–	–	–	–	–	–	
Vote 6 - Corporate Services		2,000	2,400	2,500	3,000	3,200	3,800	
Vote 7 - Budget and Treasury		4,000	4,800	7,000	5,000	4,800	8,000	
<i>List entity summary if applicable</i>								
Total Capital Expenditure		83,913	95,504	107,593	116,000	124,600	130,800	–
Future operational costs by vote	2							
Vote 1 - Executive Support		65,263	70,183	74,674	79,528	84,697	90,202	
Vote 2 - Office of the Municipal Manager		14,062	14,316	15,562	16,574	17,651	18,799	
Vote 3 - Economic Development and Planning		13,688	13,262	14,517	15,461	16,466	17,536	
Vote 4 - Infrastructure Development		43,571	36,765	33,245	35,406	37,708	40,159	
Vote 5 - Community Services		57,060	60,623	64,364	68,547	73,003	77,748	
Vote 6 - Corporate Services		26,945	29,177	30,878	32,885	35,022	37,299	
Vote 7 - Budget and Treasury		122,400	132,534	142,881	149,368	159,077	169,417	
Total future operational costs		342,990	356,861	376,121	397,769	423,623	451,159	–
Future revenue by source	3							
Property rates		43,049	45,696	48,342	51,484	54,831	58,395	
Rental of facilities and equipment								
Rental of facilities and equipment		142	152	156	167	177	189	
Interest earned - external investments		5,693	6,034	6,336	6,748	7,186	7,653	
Interest earned - outstanding debtors		35,906	38,061	39,964	42,561	45,328	48,274	
Dividends received		–	–	–	–	–	–	
Fines, penalties and forfeits		626	650	686	730	778	828	
Licences and permits		–	–	–	–	–	–	
Agency services		6,553	7,011	7,432	7,915	8,429	8,977	
Transfers and subsidies		334,693	354,545	380,590	405,328	431,675	459,734	
Other revenue		544	461	368	392	418	445	
Total future revenue		427,205	452,609	483,874	515,326	548,822	584,495	–
Net Financial Implications		(302)	(244)	(160)	(1,557)	(598)	(2,536)	–

Table 46 MBRR SA36 - Detailed capital budget per municipal vote

LIM473 Makhuduthamaga - Supporting Table SA36 Detailed capital budget										
R thousand								2019/20 Medium Term Revenue & Expenditure Framework		
Function	Project Description	Asset Sub-Class	Ward Location	GPS Longitude	GPS Latitude	Audited Outcome 2017/18	Current Year 2018/19 Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Parent municipality:										
<i>List all capital projects grouped by Function</i>										
Vote 4 - Infrastructure Development	RD Makgwabe_Mphane10km	Roads, Pavements & Bridges	Ward 29	-24	30	12,280	28,900	8,696	–	–
Vote 4 - Infrastructure Development	Mashabela_Machacha 10km	Roads, Pavements & Bridges	Ward 25	-24	30		2,739	21,391	7,739	13,043
Vote 4 - Infrastructure Development	Marishane/Phaahla_Internal streets	Roads, Pavements & Bridges	Ward 26	-24	29		435	1,200	–	–
Vote 4 - Infrastructure Development	Matulaneng_Access_Bridge	Roads, Pavements & Bridges	Ward 21	-24	29		435	3,583	–	–
Vote 4 - Infrastructure Development	RD Lobethal_Tisane	Roads, Pavements & Bridges	Ward 20 & 24	-24	29		639	435	10,870	–
Vote 4 - Infrastructure Development	RD Glen Cowie_Post Office Phokoane	Roads, Pavements & Bridges	Ward 8	-24	29		435	435	12,043	3,745
Vote 4 - Infrastructure Development	Bridge_Seruteng/Marishan	Roads, Pavements & Bridges	Ward 26	-24	29		435	435	6,522	–
Vote 4 - Infrastructure Development	RD Maila Mapitsa_Magoleg	Roads, Pavements & Bridges	Ward 15	-24	29		435	870	5,217	13,043
Vote 4 - Infrastructure Development	RD Phaahla _1.5km	Roads, Pavements & Bridges	Ward 24	-24	29		870	6,087	–	–
Vote 4 - Infrastructure Development	RD Ga-Mampane-Phase 4	Roads, Pavements & Bridges	Ward 31	-24	29		1,739	8,696	4,348	–
Vote 4 - Infrastructure Development	RD Stocking Internal Streets	Roads, Pavements & Bridges	Ward 14	-24	29		435	8,696	8,696	14,783
Vote 4 - Infrastructure Development	RD Mokwe_Molap/Ntw _10km	Roads, Pavements & Bridges	Ward 11	-24	29		2,835	17,391	17,391	17,391
Vote 4 - Infrastructure Development	Setlaboswane_Access_Road	Roads, Pavements & Bridges	Ward 14	-24	29		–	–	–	7,217
Vote 4 - Infrastructure Development	Cabrieve_Access_Road	Roads, Pavements & Bridges	Ward 8	-24	29		–	–	6,087	6,957
Vote 4 - Infrastructure Development	Nchabeleng/Thabampshe_Bridge	Roads, Pavements & Bridges	Ward 28	-24	29		–	–	696	3,652
Vote 4 - Infrastructure Development	Mathousand/Marangrang Bridge	Roads, Pavements & Bridges	Ward 29	-24	29		–	–	–	4,348
Vote 4 - Infrastructure Development	Ga-Kgagara/Moretsele Primary_Access road	Roads, Pavements & Bridges	Ward 12	-24	29		–	–	–	7,826
Vote 4 - Infrastructure Development	Grade A DLTC_Ga-Masemola	Roads, Pavements & Bridges	Ward 27	-24	29		–	–	8,696	6,087
Vote 4 - Infrastructure Development	RD Rieth_Eensa _10.5km	Roads, Pavements & Bridges	Ward 04	-24	29	3,134	14,653	–	–	–
Vote 4 - Infrastructure Development	RD Thaba Cross_Tswaing	Roads, Pavements & Bridges	Ward 28	-24	29		1,318	–	–	–
Vote 4 - Infrastructure Development	Moloi_Glen Cowie_5km access road	Roads, Pavements & Bridges	Ward 8	-24	29	34,474	1,420	–	–	–
Vote 4 - Infrastructure Development	Thusong Centre	Halls	Ward 28	-24	29		2,257	–	–	–
Vote 4 - Infrastructure Development	Mohlala_Ngoanatswane_	Roads, Pavements & Bridges	Ward 21	-24	29	2,386	500	–	–	–
Vote 4 - Infrastructure Development	Manganeng Bridge	Roads, Pavements & Bridges	Ward 17	-24	29	6,052	590	–	–	–
Vote 4 - Infrastructure Development	RD Sekhukhune Traffic St	Roads, Pavements & Bridges	Ward 14	-24	29	2,825	6,957	–	–	–

Vote 4 - Infrastructure Development	Bridge Cabriev/Khayelic	Roads, Pavements & Bridges	Ward 8	-24	29	1,336	7,950	-	-	-
Vote 4 - Infrastructure Development	Refurb of water&sewage system main office & s	Roads, Pavements & Bridges	Ward 18	-24	29		2,550	-	-	-
Vote 4 - Infrastructure Development	BLD Upgrade Sekhukhune_DLTC Phase 1	Municipal Offices	Ward 14	-24	29		4,248	-	-	-
Vote 4 - Infrastructure Development	SWC Rietfontein Storm Water Control	Roads, Pavements & Bridges	Ward 4	-24	29		6,060	-	-	-
Vote 4 - Infrastructure Development	Weigh_Bridge_Madibong	Roads, Pavements & Bridges	Ward 18	-24	29		4,857	-	-	-
Vote 4 - Infrastructure Development	Kolokotela access road	Roads, Pavements & Bridges	Ward 30	-24	29	5,177	-	-	-	-
Vote 4 - Infrastructure Development	Thabampshe Cross_Tswaing road	Roads, Pavements & Bridges	Ward 28	-24	29	23,194	-	-	-	-
Vote 4 - Infrastructure Development	R579_Mashishi road	Roads, Pavements & Bridges	Ward 21	-24	29	8,333	-	-	-	-
Vote 4 - Infrastructure Development	Maila Mapitsane Tribal Office	Roads, Pavements & Bridges	Ward 15	-24	29	13,140	-	-	-	-
Vote 4 - Infrastructure Development	Mashupsye Village access road	Roads, Pavements & Bridges	Ward 23	-24	29	8,772	-	-	-	-
Vote 4 - Infrastructure Development	Mogashoa Ditlhakaneng_Peter Nchabeleng St	Roads, Pavements & Bridges	Ward 13	-24	29	3,090	-	-	-	-
Vote 4 - Infrastructure Development	Mathibeng Tribal Office access road	Roads, Pavements & Bridges	Ward 23 & 10	-24	29	6,549	-	-	-	-
Vote 4 - Infrastructure Development	Mohlala_Madibaneng access road	Roads, Pavements & Bridges	Ward 22	-24	29	741	-	-	-	-
Vote 4 - Infrastructure Development	Electrification of households	LV Networks	hole of the municipal	-24	29	13,000	-	-	-	-
Vote 7 - Budget and Treasuy	Refurbishment of Municipal Building	Other	Ward 18	-24	29	2,000	-	-	-	-
Vote 7 - Budget and Treasuy	Purchases of Office Furniture and Equipment	Other	Ward 18	-24	29	2,000	1,339	1,000	1,300	1,500
Vote 7 - Budget and Treasuy	Purchases of Office Transport Assets	Other	Ward 18	-24	29	1,000	3,443	3,000	3,500	5,500
Vote 6 - Corporate Services	Acquisition of IT Infrastructure Assets	Computer Software and Applications	Ward 18	-24	29	5,500	1,522	2,000	2,400	2,500
Vote 3 - Economic Development and Planning	Acquisition of Land	Other	Ward 18	-24	29		1,570	-	-	-
Vote 5 Community Services	Acquisition of Transport Assets	Other	Ward 18	-24	29	5,300	1,217	-	-	-
Parent Capital expenditure						160,282	102,782	83,913	95,504	107,593

Table 47 MBRR SA37 – Projects delayed from previous years

LIM473 Makhuduthamaga - Supporting Table SA37 Projects delayed from previous financial year/s															
R thousand									Previous target year to complete	Current Year 2018/19		2019/20 Medium Term Revenue & Expenditure Framework			
Function	Project name	Project number	Type	MTSF Service Outcome	IUDF	Own Strategic Objectives	Asset Class	Asset Sub-Class		Original Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22	
Parent municipality:															
<i>List all capital projects grouped by Function</i>															
Entities:															
<i>List all capital projects grouped by Entity</i>															
Entity Name															
<i>Project name</i>															

The table above indicate that the municipality does not have any of its projects to be implemented delayed from the previous financial years.



Table 47 MBRR SA38 – Consolidated Detailed Operational Projects

3.13 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 six interns undergoing training in various divisions of the Budget and Treasury Department, Risk management and Audit section. 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 two was recently employed by our municipality.
3. Budget and Treasury Office
The Budget and Treasury Office has been established in accordance with the MFMA.
4. Audit Committee
An Audit Committee has been established and is fully functional.
5. Service Delivery and Implementation Plan
The detail draft SDBIP is and aligned with the 2019/20 draft budget & 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.

3.14 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	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand											
REVENUE ITEMS:											
Property rates											
Total Property Rates	6	31,834	37,894	37,708	37,237	38,129	38,129	38,129	43,049	45,696	48,342
Net Property Rates		31,834	37,894	37,708	37,237	38,129	38,129	38,129	43,049	45,696	48,342
Other Revenue by source											
Tender Documents		780	539	811	560	400	400	400	300	200	100
Other Revenue		200	74	140	122	222	222	222	244	261	268
Total 'Other' Revenue	1	980	613	951	682	622	622	622	544	461	368
EXPENDITURE ITEMS:											
Employee related costs											
Basic Salaries and Wages	2	28,144	32,507	29,582	45,065	40,609	40,609	40,609	46,950	50,002	53,252
Pension and UIF Contributions		6,080	6,632	7,899	8,676	7,822	7,822	7,822	8,489	9,040	9,628
Medical Aid Contributions		5,112	5,575	6,173	6,131	5,487	5,487	5,487	6,952	7,404	7,885
Overtime		-	2,268	1,984	1,175	1,110	1,110	1,110	664	707	753
Motbr Vehicle Allowance		6,837	8,517	8,315	10,509	9,558	9,558	9,558	12,102	12,889	13,727
Cellphone Allowance		1,018	1,354	1,308	1,528	1,454	1,454	1,454	1,995	2,125	2,263
Housing Allowances		2,278	3,056	3,067	4,244	3,848	3,848	3,848	4,435	4,723	5,030
Other benefits and allowances		1,815	3,204	3,794	4,667	4,209	4,209	4,209	4,676	4,980	5,304
sub-total	5	51,285	63,112	62,121	81,996	74,095	74,095	74,095	86,263	91,870	97,842
Less: Employees costs capitalised to PPE											
Total Employee related costs	1	51,285	63,112	62,121	81,996	74,095	74,095	74,095	86,263	91,870	97,842
Contributions recognised - capital											
Total Contributions recognised - capital		-	-	-	-	-	-	-	-	-	-
Depreciation & asset impairment											
Depreciation of Property, Plant & Equipment		16,616	18,938	26,108	22,198	26,511	26,511	26,511	27,720	31,878	36,660
Total Depreciation & asset impairment	1	16,616	18,938	26,108	22,198	26,511	26,511	26,511	27,720	31,878	36,660
Contracted services											
Repairs and Maintenance		45,805	42,617	40,809	53,022	77,322	77,322	77,322	62,591	59,887	57,726
Security Services and Cleaning Services		12,332	12,893	14,696	13,672	13,672	13,672	13,672	14,350	15,150	16,050
Other Contracted Services		690	856	25,934	28,505	35,102	35,102	35,102	27,768	27,419	29,516
sub-total	1	58,828	56,365	81,439	95,199	126,096	126,096	126,096	104,709	102,456	103,292
Allocations to organs of state:											
Other											
Total contracted services		58,828	56,365	81,439	95,199	126,096	126,096	126,096	104,709	102,456	103,292
Other Expenditure By Type											
Audit fees		2,400	2,670	3,196	2,430	2,430	2,430	2,430	3,390	3,690	3,850
General expenses	3	161,824	79,711	214,837	62,325	59,867	59,867	59,867	60,672	62,874	66,659
Total 'Other' Expenditure	1	164,224	82,381	218,033	64,755	62,297	62,297	62,297	64,062	66,564	70,509
Repairs and Maintenance by Expenditure Item											
Contracted Services	8	58,828	42,200	42,381	53,022	77,322	77,322	77,322	62,591	59,887	57,726
Total Repairs and Maintenance Expenditure	9	58,828	42,200	42,381	53,022	77,322	77,322	77,322	62,591	59,887	57,726

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 - Executive Support	Vote 2 - Office of the Municipal	Vote 3 - Economic Development	Vote 4 - Infrastructure Development	Vote 5 - Community Services	Vote 6 - Corporate Services	Vote 7 - Budget and Treasury	Total
R thousand	1								
Revenue By Source									
Property rates								43,049	43,049
Rental of facilities and equipment								142	142
Interest earned - external investments								5,693	5,693
Interest earned - outstanding debtors								35,906	35,906
Dividends received								–	–
Fines, penalties and forfeits								626	626
Licences and permits								–	–
Agency services								6,553	6,553
Other revenue								544	544
Transfers and subsidies								272,571	272,571
Gains on disposal of PPE								–	–
Total Revenue (excluding capital transfers and contributions)		–	–	–	–	–	–	365,083	365,083
Expenditure By Type									
Employee related costs		5,206	10,062	5,278	5,416	21,598	11,318	22,417	81,295
Remuneration of councillors		24,329	–	–	–	–	–	–	24,329
Debt impairment		–	–	–	–	–	–	35,906	35,906
Depreciation & asset impairment		–	–	–	–	–	–	27,720	27,720
Contracted services		9,328	4,000	5,050	27,391	32,800	4,890	21,250	104,709
Transfers and subsidies		–	–	–	–	–	–	–	–
Other expenditure		26,400	–	3,360	10,764	2,662	10,737	15,107	69,030
Loss on disposal of PPE		–	–	–	–	–	–	–	–
Total Expenditure		65,263	14,062	13,688	43,571	57,060	26,945	122,400	342,990
Surplus/(Deficit)		(65,263)	(14,062)	(13,688)	(43,571)	(57,060)	(26,945)	242,683	22,093
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		–	–	–	–	–	–	62,122	62,122
Surplus/(Deficit) after capital transfers & contributions		(65,263)	(14,062)	(13,688)	(43,571)	(57,060)	(26,945)	304,805	84,215

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	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand											
ASSETS											
<u>Call investment deposits</u>											
Total Call investment deposits	2	-	-	-	-	-	-	-	-	-	-
<u>Consumer debtors</u>											
Consumer debtors		19,223	46,113	26,562	52,844	22,844	22,844	22,844	28,032	37,329	36,697
<u>Less: Provision for debt impairment</u>											
Total Consumer debtors	2	19,223	46,113	26,562	52,844	22,844	22,844	22,844	28,032	37,329	36,697
<u>Debt impairment provision</u>											
Balance at end of year		-	-	-	-	-	-	-	-	-	-
<u>Property, plant and equipment (PPE)</u>											
PPE at cost/valuation (excl. finance leases)		352,909	423,171	291,200	383,671	322,011	322,011	322,011	276,807	274,321	280,704
Total Property, plant and equipment (PPE)	2	352,909	423,171	291,200	383,671	322,011	322,011	322,011	276,807	274,321	280,704
LIABILITIES											
<u>Current liabilities - Borrowing</u>											
Total Current liabilities - Borrowing		-	-	-	-	-	-	-	-	-	-
<u>Trade and other payables</u>											
Trade Payables	5	14,376	21,580	47,825	17,726	17,726	17,726	17,726	10,648	9,655	10,716
Total Trade and other payables	2	14,376	21,580	47,825	17,726	17,726	17,726	17,726	10,648	9,655	10,716
<u>Non current liabilities - Borrowing</u>											
Total Non current liabilities - Borrowing		-	-	-	-	-	-	-	-	-	-
<u>Provisions - non-current</u>											
Retirement benefits		3,744	4,028	4,504	4,616	4,616	4,616	4,616	4,856	5,119	5,395
<i>List other major provision items</i>											
Other											
Total Provisions - non-current		3,744	4,028	4,504	4,616	4,616	4,616	4,616	4,856	5,119	5,395
CHANGES IN NET ASSETS											
<u>Accumulated Surplus/(Deficit)</u>											
Accumulated Surplus/(Deficit) - opening balance		448,931	392,403	355,706	362,120	299,150	299,150	299,150	250,986	235,942	234,750
Restated balance		448,931	392,403	355,706	362,120	299,150	299,150	299,150	250,986	235,942	234,750
Surplus/(Deficit)		37,375	127,691	(67,576)	87,798	62,947	62,947	62,947	84,215	95,748	107,753
Accumulated Surplus/(Deficit)	1	486,307	520,094	288,131	449,918	362,097	362,097	362,097	335,200	331,690	342,503
<u>Reserves</u>											
Total Reserves	2	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	2	486,307	520,094	288,131	449,918	362,097	362,097	362,097	335,200	331,690	342,503

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	2015/16	2016/17	2017/18	Current Year 2018/19	2019/20 Medium Term Revenue & Expenditure Framework		
						Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
Demographics												
Population		Census 2001 - Census 2007 -Census 2011	264	262	300	300	274	300	300	300	300	300
Females aged 5 - 14		Census 2001 - Census 2007 -Census 2011	-	-	300	177	60	177	177	177	177	177
Males aged 5 - 14		Census 2001 - Census 2007 -Census 2011	-	-	123	123	60	123	123	123	123	123
Females aged 15 - 34		Census 2001 - Census 2007 -Census 2011	-	-	-	-	47	-	-	-	-	-
Males aged 15 - 34		Census 2001 - Census 2007 -Census 2011	-	-	-	-	36	-	-	-	-	-
Unemployment		Census 2001 - Census 2007 -Census 2011	-	-	24	21	33	21	21	21	21	21
Monthly household income (no. of households)												
No income	1, 12	Statistics South Africa 2007 & 2011 (Community Survey)	-	-	144,105	144,105	121,946	144,105	144,105	144,105	144,105	144,105
R1 - R1 600		Statistics South Africa 2007 & 2011 (Community Survey)	-	-	-	-	1,311,130	-	-	-	-	-
R1 601 - R3 200		Statistics South Africa 2007 & 2011 (Community Survey)	-	-	-	-	3,945	-	-	-	-	-
R3 201 - R6 400		Statistics South Africa 2007 & 2011 (Community Survey)	-	-	60,966	60,966	2,894	60,966	60,966	60,966	60,966	60,966
R6 401 - R12 800		Statistics South Africa 2007 & 2011 (Community Survey)	-	-	32,154	32,154	3,281	32,154	32,154	32,154	32,154	32,154
R12 801 - R25 600		Statistics South Africa 2007 & 2011 (Community Survey)	-	-	2,128	2,128	2,028	2,128	2,128	2,128	2,128	2,128
R25 601 - R51 200		Statistics South Africa 2007 & 2011 (Community Survey)	-	-	2,637	2,637	346	2,637	2,637	2,637	2,637	2,637
R52 201 - R102 400		Statistics South Africa 2007 & 2011 (Community Survey)	-	-	3,829	3,829	57	3,829	3,829	3,829	3,829	3,829
R102 401 - R204 800		Statistics South Africa 2007 & 2011 (Community Survey)	-	-	718	718	73	718	718	718	718	718
R204 801 - R409 600		Statistics South Africa 2007 & 2011 (Community Survey)	-	-	57	57	55	57	57	57	57	57
R409 601 - R819 200		Statistics South Africa 2007 & 2011 (Community Survey)	-	-	9	9	9	9	9	9	9	9
> R819 200		Statistics South Africa 2007 & 2011 (Community Survey)	-	-	235	235	235	235	235	235	235	235
Poverty profiles (no. of households)												
< R2 060 per household per month	13	Statistics South Africa 2007 & 2011 (Community Survey)	-	-	247,632	247632.00	247632.00	247632.00	247632.00	247632.00	247632.00	247632.00
	2	Statistics South Africa 2007 & 2011 (Community Survey)	-	-	-	0.00	0.00	0.00	0.00	0.00	0.00	0.00
tail of Free Basic Services (FBS) provided												
Electricity	Ref.	<u>Location of households for each type of FBS</u>	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework			
			Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22	
List type of FBS service		Formal settlements - (50 kwh per indigent household per month Rands)	9,981	9,981	9,981	9,981	9,981	9,981	9,981	9,981	9,981	9,981
		Total cost of FBS - Electricity for informal settlements	-	-	-	-	-	-	-	-	-	-

Table 53 MBRR Table SA11 – Property rates summary

LIM473 Makhuduthamaga - Supporting Table SA11 Property rates summary										
Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Valuation:	1									
Date of valuation:		7/1/2011	7/1/2011	7/1/2011	7/1/2011					
Financial year valuation used		2012/2013	2016/17	2016/17	2016/17			2016/17		
Municipal by-laws s6 in place? (Y/N)	2	Yes	Yes	Yes	Yes			Yes		
Municipal/assistant valuer appointed? (Y/N)		Yes	Yes	Yes	Yes			Yes		
Municipal partnership s38 used? (Y/N)		NO	NO	NO	NO	NO	NO	NO	NO	NO
No. of assistant valuers (FTE)	3	-	-	-	-	-	-	-	-	-
No. of data collectors (FTE)	3	-	-	-	-	-	-	-	-	-
No. of internal valuers (FTE)	3	-	-	-	-	-	-	-	-	-
No. of external valuers (FTE)	3	1	1	1	1	1	1	1	1	1
No. of additional valuers (FTE)	4	-	-	-	-	-	-	-	-	-
Valuation appeal board established? (Y/N)		Yes	Yes	Yes	Yes					
Implementation time of new valuation roll (mths)		48	48	48	48					
No. of properties	5	1,797	1,797	1,797	1,797	1,797	1,797	1,797	1,797	1,797
No. of sectional title values	5	-	-	-	-	-	-	-	-	-
No. of unreasonably difficult properties s7(2)		-	-	-	-	-	-	-	-	-
No. of supplementary valuations		1	1	1	1	1	1	1	1	1
Total rebates, exemptns, reductns, discs (R'000)		-	-	-	-	-	-	-	-	-

Table 54 MBRR Table SA12a – Property rates by category (current year)

LIM473 Makhuduthamaga - Supporting Table SA12a Property rates by category (current year)																	
Description	Ref	Resi.	Indust.	Bus. & Comm.	Farm props.	State-owned	Muni props.	Public service infra.	Private owned towns	Formal & Informal Settle.	Comm. Land	State trust land	Section 8(2)(n) (note 1)	Protect. Areas	National Monum'ts	Public benefit organs.	Mining Props.
Current Year 2018/19																	
Valuation:																	
No. of properties		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of sectional title property values		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of unreasonably difficult properties s7(2)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of supplementary valuations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Supplementary valuation (Rm)		1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
No. of valuation roll amendments																	
Years since last valuation (select)		3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3
Frequency of valuation (select)		<4	<4	<4	<4	<4	<4	<4	<4	<4	<4	<4	<4	<4	<4	<4	<4
Method of valuation used (select)		Market	Market	Market	Market	Market	Market	Market	Market	Market	Market	Market	Market	Market	Market	Market	Market
Base of valuation (select)		Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.
Phasing-in properties s21 (number)																	
Combination of rating types used? (Y/N)																	
Flat rate used? (Y/N)		Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Is balance rated by uniform rate/variable rate?		Uniform	Uniform	Uniform	Uniform	Uniform	Uniform	Uniform	Uniform	Uniform	Uniform	Uniform	Uniform	Uniform	Uniform	Uniform	Uniform
Valuation reductions:																	
Valuation reductions-public infrastructure (Rm)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Valuation reductions-nature reserves/park (Rm)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Valuation reductions-mineral rights (Rm)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Valuation reductions-R15,000 threshold (Rm)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Valuation reductions-public worship (Rm)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Valuation reductions-other (Rm)	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total valuation reductions:																	
Total value used for rating (Rm)	6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total land value (Rm)	6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total value of improvements (Rm)	6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total market value (Rm)	6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rating:																	
Expected cash collection rate (%)	4	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total rebates, exemptns, reductns, discs (R'000)																	

Table 55 MBRR Table SA12b – Property rates by category (Budget year)

LIM473 Makhuduthamaga - Supporting Table SA12b Property rates by category (budget year)																	
Description	Ref	Resi.	Indust.	Bus. & Comm.	Farm props.	State-owned	Muni props.	Public service infra.	Private owned towns	Formal & Informal Settle.	Comm. Land	State trust land	Section 8(2)(n) (note 1)	Protect. Areas	National Monum/ts	Public benefit organs.	Mining Props.
Budget Year 2019/20																	
Valuation:																	
No. of supplementary valuations																	
Supplementary valuation (Rm)		1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
No. of valuation roll amendments																	
No. of objections by rate-payers		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of appeals by rate-payers		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of appeals by rate-payers finalised		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of successful objections	5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of successful objections > 10%	5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Estimated no. of properties not valued		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Years since last valuation (select)		3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3
Frequency of valuation (select)		<4	<4	<4	<4	<4	<4	<4	<4	<4	<4	<4	<4	<4	<4	<4	<4
Method of valuation used (select)		Market	Market	Market	Market	Market	Market	Market	Market	Market	Market	Market	Market	Market	Market	Market	Market
Base of valuation (select)		Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.
Phasing-in properties s21 (number)																	
Combination of rating types used? (Y/N)																	
Flat rate used? (Y/N)		Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Is balance rated by uniform rate/variable rate?		Uniform	Uniform	Uniform	Uniform	Uniform	Uniform	Uniform	Uniform	Uniform	Uniform	Uniform	Uniform	Uniform	Uniform	Uniform	Uniform
Valuation reductions:																	
Valuation reductions-public infrastructure (Rm)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Valuation reductions-nature reserves/park (Rm)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Valuation reductions-mineral rights (Rm)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Valuation reductions-R15,000 threshold (Rm)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Valuation reductions-public worship (Rm)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Valuation reductions-other (Rm)	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total valuation reductions:																	
Total value used for rating (Rm)	6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total land value (Rm)	6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total value of improvements (Rm)	6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total market value (Rm)	6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rating:																	
Expected cash collection rate (%)	4	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total rebates, exemptns, reductns, discs (R'000)																	

Table 56 MBRR Table SA13a – Service tariffs by category.

LIM473 Makhuduthamaga - Supporting Table SA13a Service Tariffs by category									
Description	Ref	Provide description of tariff structure where appropriate	2015/16	2016/17	2017/18	Current Year 2018/19	2019/20 Medium Term Revenue & Expenditure Framework		
							Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Property rates <i>(rate in the Rand)</i>	1								
Farm properties - used			0.0200	0.0200	0.0150	0.0150	0.0150	0.0150	0.0150
Farm properties - not used			0.0200	0.0200	0.0150	0.0150	0.0150	0.0150	0.0150
Industrial properties			0.0200	0.0200	0.0150	0.0150	0.0150	0.0150	0.0150
Communal land - other			0.0150	0.0150	0.0150	0.0150	0.0150	0.0150	0.0150
Exemptions, reductions and rebates <i>(Rands)</i>									
Residential properties									
R15 000 threshold rebate			15,000	15,000	15,000	15,000	15,000	15,000	15,000
Other rebates or exemptions	2								
Water tariffs									
Domestic									
Other	2								
Waste water tariffs									
Domestic									
Other	2								
Electricity tariffs									
Domestic									
Waste management tariffs									
Domestic									

Table 57 MBRR Table SA13b – Service tariffs by category (explanatory).

LIM473 Makhuduthamaga - Supporting Table SA13b Service Tariffs by category - explanatory									
Description	Ref	Provide description of tariff structure where appropriate	2015/16	2016/17	2017/18	Current Year 2018/19	2019/20 Medium Term Revenue & Expenditure Framework		
							Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Exemptions, reductions and rebates (Rands)									
<i>[Insert lines as applicable]</i>									
Water tariffs									
<i>[Insert blocks as applicable]</i>		(fill in thresholds)							
Waste water tariffs									
<i>[Insert blocks as applicable]</i>		(fill in structure)							
Electricity tariffs									
<i>[Insert blocks as applicable]</i>		(fill in thresholds)							

Table 58 MBRR Table SA14 – Household bills.

LIM473 Makhuduthamaga - Supporting Table SA14 Household bills											
Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20 % incr.	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Rand/cent											
Monthly Account for Household - 'Middle Income Range'	1										
Rates and services charges:											
Other											
sub-total		-	-	-	-	-	-	-	-	-	-
VAT on Services											
Total large household bill:		-	-	-	-	-	-	-	-	-	-
% increase/-decrease			-	-	-	-	-	-	-	-	-
Monthly Account for Household - 'Affordable Range'	2										
Rates and services charges:											
Other											
sub-total		-	-	-	-	-	-	-	-	-	-
VAT on Services											
Total small household bill:		-	-	-	-	-	-	-	-	-	-
% increase/-decrease			-	-	-	-	-	-	-	-	-
Monthly Account for Household - 'Indigent' Household receiving free basic services	3										
Rates and services charges:											
Electricity: Consumption		5,356,942.00	4,309,604.00	4,685,022.00	4,200,000.00	4,200,000.00	4,200,000.00	7.1%	4,500,000.00	4,800,000.00	5,000,000.00
sub-total		5,356,942.00	4,309,604.00	4,685,022.00	4,200,000.00	4,200,000.00	4,200,000.00	7.1%	4,500,000.00	4,800,000.00	5,000,000.00
VAT on Services											
Total small household bill:		5,356,942.00	4,309,604.00	4,685,022.00	4,200,000.00	4,200,000.00	4,200,000.00	7.1%	4,500,000.00	4,800,000.00	5,000,000.00
% increase/-decrease			(19.6%)	8.7%	(10.4%)	-	-		7.1%	6.7%	4.2%

Table 59 MBRR Table SA15 – Investment particulars by type.

LIM473 Makhuduthamaga - Supporting Table SA15 Investment particulars by type										
Investment type	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand										
Parent municipality										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank		-	-	-	-	-	-	-	-	-
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Municipal Bonds										
Municipality sub-total	1	-	-	-	-	-	-	-	-	-
Entities										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank										
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Entities sub-total		-	-	-	-	-	-	-	-	-
Consolidated total:		-	-	-	-	-	-	-	-	-



Table 60 MBRR Table SA16 – Investment particulars by maturity.

LIM473 Makhuduthamaga - Supporting Table SA16 Investment particulars by maturity														
Investments by Maturity	Ref	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
Name of institution & investment ID	1	Yrs/Months												
Parent municipality														
N/A		-	-	-	-	-	-	-	-	-	-	-	-	-
														-
														-
														-
														-
														-
Municipality sub-total										-		-	-	-
Entities														
														-
														-
														-
														-
														-
Entities sub-total										-		-	-	-
TOTAL INVESTMENTS AND INTEREST	1									-		-	-	-

Table 61 MBRR Table SA17 – Borrowing.

LIM473 Makhuduthamaga - Supporting Table SA17 Borrowing										
Borrowing - Categorized by type	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Parent municipality										
Other Securities										
Municipality sub-total	1	-	-	-	-	-	-	-	-	-
Entities										
Other Securities										
Entities sub-total	1	-	-	-	-	-	-	-	-	-
Total Borrowing	1	-	-	-	-	-	-	-	-	-
Unspent Borrowing - Categorized by type										
Parent municipality										
Other Securities										
Municipality sub-total	1	-	-	-	-	-	-	-	-	-
Entities										
Other Securities										
Entities sub-total	1	-	-	-	-	-	-	-	-	-
Total Unspent Borrowing	1	-	-	-	-	-	-	-	-	-

2.1 Annual Budget of Municipal entities

- The municipality does not have entities.