



**MAKHUDUTHAMAGA**  
LOCAL MUNICIPALITY

**DRAFT ANNUAL BUDGET**  
**OF**  
**Makhuduthamaga Local Municipality**

**2018/19**

**To**

**2020/21**

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## Abbreviations and Acronyms

BPC	Budget Planning Committee	MIG	Municipal Infrastructure Grant
CFO	Chief Financial Officer	MPRA	Municipal Properties Rates Act
MM	Municipal Manager	MSA	Municipal Systems Act
CPI	Consumer Price Index	MTEF	Medium-term Expenditure Framework
CRRF	Capital Replacement Reserve Fund	MTREF	Medium-term Revenue and Expenditure Framework
DoRA	Division of Revenue Act	NGO	Non-Governmental organisations
EE	Employment Equity	NKPIs	National Key Performance Indicators
FBS	Free basic services	OHS	Occupational Health and Safety
GAMAP	Generally Accepted Municipal Accounting Practice	OP	Operational Plan
GRAP	General Recognised Accounting Practice	PMS	Performance Management System
HR	Human Resources	PPE	Property Plant and Equipment
IDP	Integrated Development Strategy	PPP	Public Private Partnership
IT	Information Technology	RG	Restructuring Grant
km	kilometre	SALGA	South African Local Government Association
DFS	Government Financial Statistics	SDBIP	Service Delivery Budget Implementation Plan
KPA	Key Performance Area	SMME	Small Micro and Medium Enterprises
KPI	Key Performance Indicator	DOE	Department of Energy
LED	Local Economic Development	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 – 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, once again it is an honour for me, today to be given an opportunity to table the draft IDP and Budget of the municipality for 2018/19 to 2020/21 to the council of Makhuduthamaga Local Municipality. The budget is prepared for the 2018/19 and two outer years to comply with the MFMA and MFMA regulations.

Honourable speaker

The Municipal Finance Management Act 56 of 2003 requires councils of municipalities in terms of section 16(1) to approve an annual budget for the municipality at least 30 days (section 24(1)) before the start of the financial year. In order for the municipality to comply with section 16 (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 budget year. The first draft budget for 2017/18 MTREF was indeed presented in council on the 27 of March 2018.

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 2017 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 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 408 million** for 2018/19 budget year, **R 414 million** and **R 436 million** for 2019/20 and 2020/21 financial years respectively. The total revenue budget for

2018/19 consists of **R 325 million** from National transfers and grants and **R 83 million** from own sources of revenue.

Our total National transfers and grants for 2018/19 are made up of **R 242 million** from equitable share, **R 1.8 million** for Finance Management Grant, **R 66 million** for Municipal Infrastructure Grant to fund roads infrastructure projects, **R 12 million** from Integrated National Electrification Grant, **R 1.5 million** from the Extended Public Works Programme and **R 1.7 million** for the Municipal Systems Improvement Grant.

Total amount of **R 83 million** from own revenue sources is made up of **R 37 million** from Property rates, **R 10 million** from interests on investments, **R 29 million** from interests on outstanding accounts, **R 5.6 million** from agency services, **R 150 thousands** for traffic fines and **R 812 thousands** for other revenue.

The municipality has also budgeted an amount of **R 16.4 million** in a form of VAT refunds to fund the total expenditure budget in excess of the **R 408 million** budgeted revenue for 2018/19. The municipality has, in total, **R 424 million** to fund both the capital and operational projects of the municipality for 2018/19 budget year.

Honourable speaker

The revenue growth for 2018/19 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 2017/18 budget year, a situation which is more likely to occur in the two outer years (2019/20 & 2020/21). 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, planning to develop 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 424 million** for 2018/19 financial year. The total annual budgeted expenditure for the two outer years amounts to **R 414 million** and **R 436 million** for 2019/20 and 2020/21 respectively. The total expenditure for 2018/19 is made up of **R 303 million** for operational expenditure and **R 121 million** for capital expenditure.

The total expenditure budget for 2018/19 can be summarized as follows per municipal department:

Executive Support is allocated a total budget of **R 5.8 million**

Municipal Manager's Office is allocated a total budget of **R 13.6 million**

Speaker's Office is allocated a total budget of **R 37.9 million**

Mayor's Office is allocate a total budget of **R 14.4 million**

Community services is allocated a total budget of **R 56.6 million**

Budget and Treasury is allocated a total budget of **R 109 million**

Corporate Services is allocated a total budget of **R 33.6 million**



Economic Development and Planning is allocate a total budget of **R 12.6 million**

Infrastructure Development is allocated a total budget of **R 140.7 million**

Honourable speaker

The operational expenditure of **R 303 million** for 2018/19 is made up of the following expenditure sources;

Employee related costs – **R 81 million**

Remuneration of councillors – **R 25 million.**

Debt impairment – **R 29 million.**

Depreciation & assets impairments – **R 22 million.**

Contracted services – **R 84 million**

Other expenditure – **R 62 million**

Honourable speaker

We appropriated a total amount of **R 121 million** for capital expenditure budget to be implemented in 2018/19 budget year. We tried our best to cover as many of our wards as possible with the limited financial resources available, to ensure that service delivery is spread equally to all wards of the municipality. We have budgeted **R 1.3 million** for the purchase of the Office furniture and equipment. For the improvement and to keep our IT infrastructure at the required standards, we budgeted **R 1.7 million.**

Honourable speaker

We have allocated **R 102 million** for roads, bridges and storm water construction in 2018/19 budget year and we also allocated **R 97 million** and **R 135 million** for 2019/20 and 2020/21 respectively.

We also have budgeted about **R 10 million** for the implementation of the national electrification programme, **R 6 million** for the acquisition of the solid waste collection assets.

In 2018/19 budget year we are going to implement the following projects which will be funded by MIG;

1. Construction of Makgwabe to Mphane access road (10km) – **R 21.7 million.**
2. Construction of Rietfontein to Eensaam access road (10.5km) – **R 13.2 million.**
3. Construction of Thabampshe cross to Tswaing access road – **R 4.3 million.**
4. Construction of access road from Mashabela Tribal office to Mphanama – **R 9 million**
5. Construction of access road to ga-Mampane – **R 7.5 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 2019/20 and 2020/21 where applicable to be completed.

Honourable speaker

We further allocated an amount of **R 55 million** from the equitable share to fund the following capital projects in 2018/19 budget year;

1. Construction of Mohlala/Ngwanatshwane access road – **R 7.8 million**
2. Construction of Thusong Centre – **R 4.3 million**
3. Construction of access road from Sekhukhune Traffic Station to the Bridge – **R 5.2 million**
4. Construction of Cabrieve/Khayelitsha access bridge – **R 11.3 million**

5. Construction of access road to Lobethal to Tisane (1.2km) – **R 443 thousands**
6. Construction of access road from Mokwete to Molepane/Ntwane – **R 443 thousands**
7. Construction of access road to Mochadi – **R 443 thousands**
8. Construction of Seruteng/Marishane access bridge – **R 443 thousands**
9. Construction of Maila Mapitsane to Magolego Tribal Office – **R 1 million**
10. Construction of Phaahla Tribal Office – **R 443 thousands**
11. Refurbishment of Water & Sewage system Head Office/Satellite Offices – **R 2.6 million**
12. Upgrade Nebo DLTC Phase 1 – **R 4.5 million**
13. Upgrade Sekhukhune DLTC Phase 1 – **R 4.5 million**
14. Construction of Glen Cowie to Phokwane Post Office access road – **R 1.7 million**
15. Construction of Stocking Internal Streets – **R 443 thousands**
16. Construction of Rietfontein Storm Water Control – **R 443 thousands**
17. Purchase of office furniture & equipment – **R 1.3 million**
18. Purchase of IT Equipments – **R 1.7 million**
19. Electrification of households - **R 10.4 million**
20. Purchase of Waste Collection Assets - **R 6.2 million.**

For the 2019/20 and 2020/21 outer years, we allocated **R 45.9 million** and **R 77.7 million** respectively from equitable share to fund capital projects is indicated in our IDP and the tables of the annual budget for 2018/19 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. Final 2018/19 – 2020/21 IDP and the 2018/19 MTREF Budget.

2. Reviewed budget related policies.
3. National Treasury MFMA circular No.89 and 91

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 Council resolutions**



## 2.3 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 16 (2) that at least 90 days before the start of the financial year, the Mayor of the municipality must table in a council meeting the annual budget before the start of the financial year.

Complying with section 21 (b) of the MFMA, the mayor of Makhuduthamaga Local Municipality has tabled in a council meeting held in July 2017 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 2018/19 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. A critical review was also undertaken on expenditures of non-core and 'nice to have' items as indicated in MFMA circular number 89 and 91. The MFMA Budget circulars issued in the previous years, were also considered in preparation of the final annual budget for the 2018/19 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 also contracted a debt collector who will assist the municipality to improve collection on outstanding debts

The municipality will undertake a number of customer care workshops in which customers will among other thing be engaged and shown the importance of their responsibility to pay rates and to ensure the municipality truly involves all citizens in the process of ensuring a people lead government. The workshops will also assist the municipality to gather information on challenges faced by the customers to pay their accounts on time and such information will be used by the management of the municipality to encourage and improve debt collection.

National Treasury's MFMA Circular No. 51, 54, 55, 58, 59, 66, 67, 70, 71, 74, 75, 78, 79, 82, 85, 86, 89 & 91 were used to guide the compilation of the 2018/19 and the MTREF Annual Budget.

- The main challenges experienced during the compilation of the 2018/19 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 2018/19 MTREF budget:
  - The annual budget for 2018/19 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 2017/18 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 2018/19 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 2018/19 MTREF to ensure that the budget remain an implementation tool for the municipality's IDP.
- For the 2018/19 financial year and throughout the MTREF, tariffs for property rates will be remain at 1.5 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 2018/19 Medium-term Revenue and Expenditure Framework as compared to the past budget year:

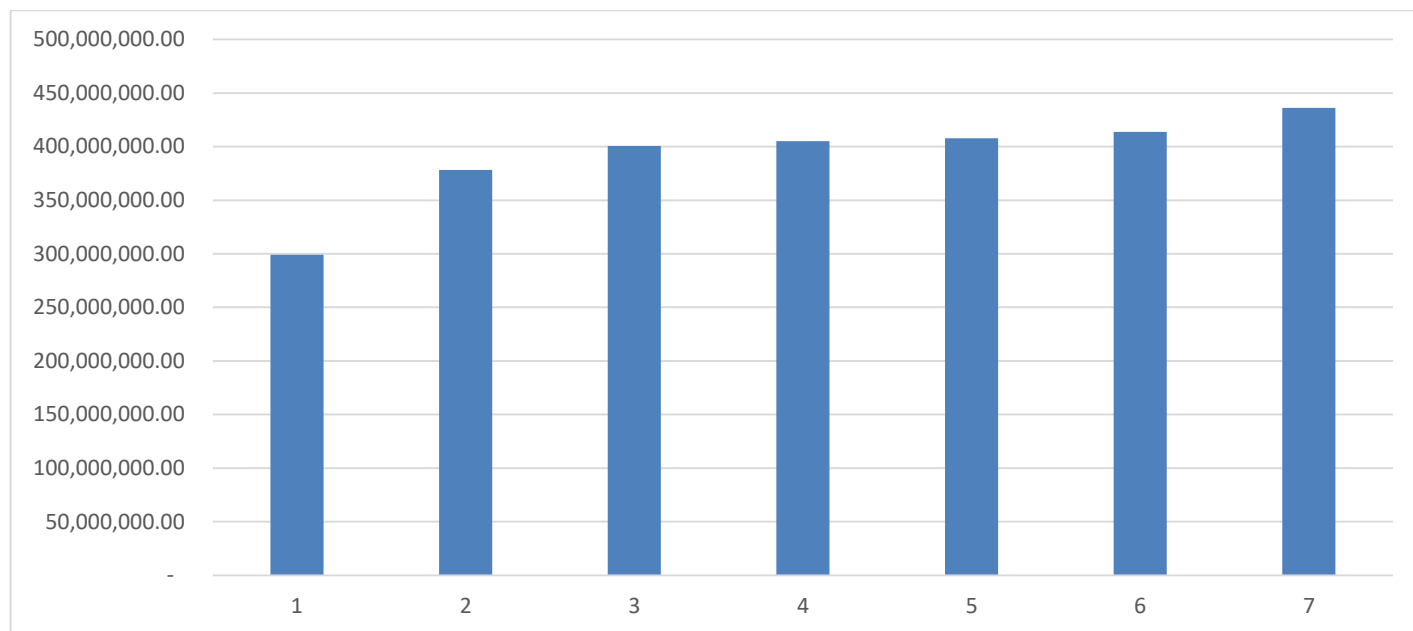
**Table 1 Consolidated Overview of the 2018/19 MTREF**

Description	Adjusted Budget 2017/18	Draft Budget 2018/19	Draft Budget 2019/20	Draft Budget 2020/21
Total Revenue	405 049 412,33	407 897 848,76	413 827 024,09	436 231 512,27
Total Operating Expenditure	327 150 038,36	302 916 333,78	305 614 562,16	292 669 891,49
Operating Surplus/Deficit for the year	77 899 373,97	104 981 514,98	108 212 461,93	143 561 620,78
Cash backed reserves	42 920 423,06	-	-	-
VAT Refunds 2017/18 (December 2017 - June 2018)	28 585 115,25	16 469 799,68		
<b>Total Funding for Capital Expenditure</b>	<b>149 404 912,28</b>	<b>121 451 314,66</b>	<b>108 212 461,93</b>	<b>143 561 620,78</b>
Capital Expenditure	149 319 897,23	121 337 391,30	108 000 000,00	143 269 565,22
<b>Total Surplus/Deficit</b>	<b>85 015,04</b>	<b>113 923,36</b>	<b>212 461,93</b>	<b>292 055,57</b>

The municipality has budgeted a total Revenue of **R 407.8 million** for 2018/19 financial year, **R 413.8 million** and **R 436 million** for 2019/20 and 2020/21 respectively. Total revenue has increased by 1 per cent or **R 2.8 million** for the 2018/19 financial year when compared to the 2017/18 Adjustments Budget. For the two outer years, total revenue will increase by 1 per cent and 5 per cent respectively, equating to a total revenue growth of **R 31 million** over the MTREF when compared to the 2017/18 financial year. The total revenue for 2018/19 includes the grants allocations from the national treasury to the amount of **R 324.5 million** and own revenue sources to the amount of **R 83.4 million**. For the two outer years of the MTREF 2019/20 and 2020/21 total grants allocations included in total revenue amounts to **R 333.7 million** and **R 358 million** respectively while own revenue continues to grow to **R 80 million** and **R 78 million** respectively.

The following bar chart indicates, the revenue growth level of the municipality for the 2018/19 MTREF including when compared to the past three years:





Total operating expenditure for the 2018/19 financial year has been appropriated at **R 302.9 million** and translates into an operating budgeted surplus of **R 104.9 million** as indicated in table A4. This surplus together is used to fund capital expenditure for 2018/19 as indicated in table 1 above. When compared to the 2017/18 Adjustments Budget, operational expenditure has gone down by 7 per cent in the 2018/19 budget and increases by 3 per cent by 2019/20. The operating surplus for the two outer years increases to **R 108 million** for 2019/20 and increase to **R 143.5 million** in 2020/21 financial year. These surpluses will be used to fund capital projects.

The capital budget for 2018/19 financial year amounts to **R 121 million** and has decreased by 19 per cent when compared to the 2017/18 Adjustment Budget of **R 149 million**. The decrease in capital expenditure budget is due to the fact the capital expenditure in excess of budgeted revenue for 2017/18 was funded by a combination of equitable share and cash backed reserves to address the backlogs from previous budget year. The municipality's revenue for 2018/19 is not sufficient to fund growth in capital expenditure budget and therefore, capital infrastructure projects will be implemented using multi-year budgets to cover all prioritised areas that have service delivery backlogs and to ensure a fair spread of basic services to our 31 wards.

For 2019/20 and 2020/21 budget years, the capital expenditure is budgeted at **R 108 million** and **R143 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 lack of control on land for strategic development and economic growth is one of the major factors contributing to poor revenue generation and collection. The involvement of the local traditional authorities within which the 31 wards of our municipality falls within their leadership in the development plans of the municipality remain a pivotal programme, to ensure they understand and support the municipality's concept of spatial development and economic development within the jurisdictions of their leadership. They must understand the socio-economic benefits for them and the communities under their leadership first and not perceive the municipality to be a competitor when it comes to leading and governing their communities.

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 council of Makhuduthamaga cannot increase the property rates tariffs in the near future as we still have very low level of revenue collection from the property rates which makes 81 per cent of the total own revenue of **R 83 million**. The municipal property rates tariffs remain unchanged at 1.5 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 2018/19 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 2018/19 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	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 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 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Revenue By Source</b>											
Property rates	2	29 841	31 834	37 894	38 841	37 728	37 728	37 728	37 237	37 124	37 086
Service charges - other		–	–	–	–	–	–	–	–	–	–
Rental of facilities and equipment		106	115	121	121	121	121	121	130	141	155
Interest earned - external investments		8 119	11 702	10 225	12 259	9 028	9 028	9 028	10 235	10 746	9 723
Interest earned - outstanding debtors		17 087	20 498	23 498	21 058	33 651	33 651	33 651	29 343	24 941	23 474
Dividends received		–	–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits		635	579	730	632	265	265	265	150	180	200
Licences and permits		–	–	–	–	–	–	–	–	–	–
Agency services		4 400	4 909	5 154	5 169	5 169	5 169	5 169	5 584	6 254	6 754
Transfers and subsidies		182 401	232 170	228 253	236 226	236 226	236 226	236 226	258 537	271 599	292 539
Other revenue	2	1 669	980	613	1 032	665	665	665	682	720	731
Gains on disposal of PPE		2	–	–	–	–	–	–	–	–	–
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>244 261</b>	<b>302 787</b>	<b>306 487</b>	<b>315 338</b>	<b>322 853</b>	<b>322 853</b>	<b>322 853</b>	<b>341 898</b>	<b>351 705</b>	<b>370 663</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		54 735	75 450	94 210	76 196	82 196	82 196	82 196	66 000	62 122	65 569
<b>Total Revenue (Including capital transfers and contributions)</b>		<b>298 996</b>	<b>378 237</b>	<b>400 697</b>	<b>391 534</b>	<b>405 049</b>	<b>405 049</b>	<b>405 049</b>	<b>407 898</b>	<b>413 827</b>	<b>436 232</b>

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

The total revenue for the municipality excluding capital transfers amount to **R 341.8 million** for 2018/19, **R 351.7 million** for 2019/20 and **R 370.6 million** for 2020/21. The total amount for operational grants to be received for 2018/19 is **R 258.5 million**. For the two outer years the total operational grants to be received amounts to **R 271.6 million** and **R 292.5 million** for 2019/20 and 2020/21 financial years respectively.

Revenue from government grants forms a significant percentage of the total operating revenue for the municipality for all of the 2018/19 MTREF. This clearly indicate that our municipality is dependent on government grants which contribute 76 per cent of the total operating revenue in 2018/19 budget year and 77 percent in 2019/20 and 79 in 2020/21.

Revenue generated from property rates amount to **R 37 million** and the projected interest on property rates overdue accounts amounts to **R 29 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 66 million** which is 78 per cent of the total own revenue budget for 2018/19.

The municipality has contracted a legal firm to assist the municipality in collecting property rates for business properties and will continue working together with the Limpopo department of Cooperative Governance, Human Settlements and Traditional Affairs through the debt forum to collect outstanding rates revenue from all government departments. The valuation roll for 2016 to 2021 separates the value of the land and improvements made on the land and the municipality's billing will also separates the rates bill for the land and the improvements (property) to ensure that rates customers pay for the improvements while the issue of land ownership is still under the process to be resolved.

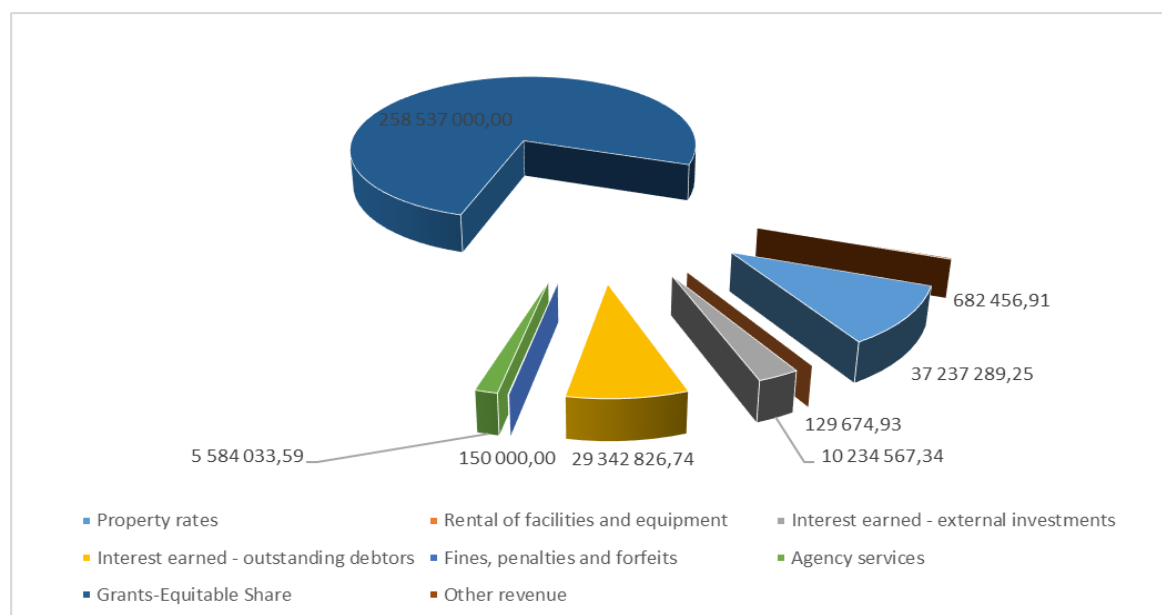
The revenue from Property rates is budgeted to remain at **R 37 million** throughout the 2018/19 MTREF.

Revenue from Licenses and permits amount to **R 5.6 million** for 2018/19 budget year, **R 6.3 million** and **R 6.8 million** for 2019/20 and 2020/21 financial years respectively. The municipality has budgeted to refurbish the testing stations to increase capacity and improve service efficiency to attract more customers and improve revenue collection on this source of revenue. 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 341.8 million** for 2018/19 financial year:

Revenue per source graph



Source of Revenue	Amount	Percentage
Property rates	37 237 289,25	11%
Rental of facilities and equipment	129 674,93	0%
Interest earned - external investments	10 234 567,34	3%
Interest earned - outstanding debtors	29 342 826,74	9%
Fines, penalties and forfeits	150 000,00	0%
Agency services	5 584 033,59	2%
Grants-Equitable Share	258 537 000,00	76%
Other revenue	682 456,91	0%
	<b>341 897 848,76</b>	<b>100%</b>

### Operating Expenditure Framework

The municipality's expenditure framework for the 2018/19 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 2018/19 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	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 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 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Expenditure By Type</b>											
Employee related costs	2	43 604	51 285	63 112	72 815	69 635	69 635	69 635	80 553	85 733	91 516
Remuneration of councillors		17 529	19 909	20 792	22 040	22 040	22 040	22 040	24 909	26 503	28 226
Debt impairment	3	27 989	30 000	31 417	28 049	28 049	28 049	28 049	29 343	34 860	20 897
Depreciation & asset impairment	2	13 715	16 616	18 938	21 500	23 218	23 218	23 218	22 198	23 397	24 683
Finance charges											
Bulk purchases	2	–	–	–	–	–	–	–	–	–	–
Other materials	8										
Contracted services		35 387	58 828	56 365	35 647	113 655	113 655	113 655	84 310	75 439	70 435
Transfers and subsidies		–	–	–	–	–	–	–	–	–	–
Other expenditure	4, 5	55 299	78 273	82 381	88 766	70 554	70 554	70 554	61 604	59 683	56 912
Loss on disposal of PPE		97 643	85 950								
<b>Total Expenditure</b>		<b>291 166</b>	<b>340 862</b>	<b>273 006</b>	<b>268 817</b>	<b>327 150</b>	<b>327 150</b>	<b>327 150</b>	<b>302 916</b>	<b>305 615</b>	<b>292 670</b>

### Employee Related Costs

The budget allocation for employee related costs for the 2018/19 financial year is **R 80.5 million**, which equals to 27 per cent of the total operating expenditure. The South African Local Government Bargaining Council is currently in negotiations for the new salary increase for the new financial year starting 1 July 2018.

The total employee related costs has increased from **R 69.6 million** in 2017/18 adjusted budget to **R 80.5 million** in 2018/19 which reflect a 16 per cent increase. This is as a result of the inclusion of positions which were not funded during the adjustment budget for 2017/18 in the annual budget for 2018/19 and the MTREF to increase capacity of the municipality to implements its IDP.

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 budget on the following vacant positions was reduced during adjustment budget for 2017/18 as they were vacant as at the date of adjustment budget and therefore only budget for three (3) months was included in the adjustment budget for 2017/18. We have however included the budget for the whole 12 months in the annual budget for 2018/19 as recruitment processes have already commenced, with expectation of successful candidates to start working on the 1<sup>st</sup> of September 2018.

Position Name	Department	Position level
Manager: Executive Support	Executive Support	Middle management
Council Secretary	Executive Support	Middle Management
Secretary: Chief Whip	Executive Support	Lower level management

Secretary: MPAC	Executive Support	Lower level management
Training & Council Welfare Officer	Executive Support	Lower level management
MPAC Co-ordinator	Executive Support	Lower level management
Senior Manager	Corporate Services	Senior management
HRM Officer	Corporate services	Lower level management
IT Technician	Corporate Services	Lower level management
Switchboard operator	Corporate Services	Lower level management
Municipal Manager	MM's Office	Senior management
Manager: PMS	MM's Office	Middle management
PMS Officer	MM's Office	Lower Level management
Deputy CFO	Budget & Treasury	Senior management
Personal Assistant: CFO's Office	Budget & Treasury	Lower level management
Bookkeeper: Budget	Budget & Treasury	Lower level management
Cashier X 2	Budget & Treasury	Lower level management
Driver X 2	Budget & Treasury	Lower level management
Manager X 2	Community services	Middle 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	Community services	Lower management level
Senior manager EDP	Economic Development and Planning	Senior management
Manager	LED	Middle 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 costs for councillor allowances is **R 24.9 million** for 2018/19, **R 26.5 million** and **R 28 million** for 2019/20 and 2020/21 respectively. An increase was projected at 7 per cent for 2018/19 and 7 percent for 2019/20 and 2020/21 for the upper limits for councillors.

### Debt Impairment

The provision of debt impairment for 2018/19 was determined based on the Debt Write-off Policy of the municipality. For the 2018/19 financial year this amount equates to **R 29 million**, increases to **R 34.8 million** in 2019/20 and decreases to **R 20.8 million** in 2020/21 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 2016/17 AFS and new acquisitions for the current year 2017/18 and 2018/19 budget year and the MTREF. Budget appropriations in this regard are **R 22 million** for the 2018/19 financial year and equates to 7 per cent of the total operating expenditure. It increases to **R 23 million** and **25 million** for 2019/20 and 2020/21 budget years respectively.

It must however be noted that, though the municipality's capital expenditure is more than **R 100 million** for almost each budget year of the MTREF, the majority of the roads which forms part of this capital expenditure are **D roads** which will not be capitalised due to the circular issued by RAL and therefore did not form part of budgeted depreciation calculation. Only our roads and other assets under our ownership and control were considered when doing the projections for the budget years of the MTREF.

### 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 84 million** for the 2018/19 financial year, it decreases to **R 75 million** and **R 70 million** in the 2019/20 and 2020/21 outer years.

Repairs and maintenance has been budgeted at 9% percent of the total operational budget and 11 per cent of the Asset value as per 2015/16 AFS taking in to consideration guidelines contained in MFMA circular number 66, 67, 70, 72, 74 ,75, 78, 79, 85, 86, 89 & 91.

### Other Expenditure

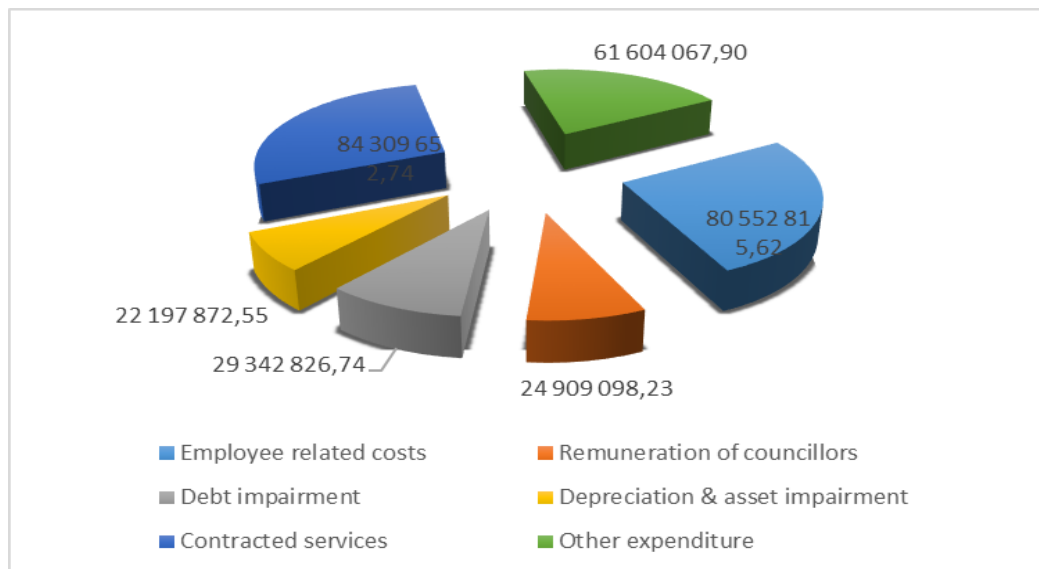
Other expenditure comprises of various line items relating to the daily operations of the municipality. Amongst other expenditures comprised in this group for 2018/19 financial year, the municipality have budgeted incentives for ward committees at **R 4.4 million**, training and capacity building of councillors and ward committees at **R 1.5 million**, mayor's special and outreach programmes at **R 4.4 million**, publications and branding of the municipality at **R 6.5 million**, Audit fees at **R 2.4 million**, bursary fund at **R 3 million**, acquisition of land, spatial planning and land scarping at **R 4.2 million**, SMME support and LED programmes at **R 2.2 million**, free basic electricity at **R 4.2 million**, disaster management programmes and sports and culture promotions at **R 2.8 million**.

Furthermore, in compliance to the cost containment measures as approved by the cabinet, the municipality has reduced spending on excessive advertising, travelling, caterings, promotional materials and mandates that belong to other spheres of government for 2017/18 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 2018/19 financial year.

Table 6 Main Operational Expenditure categories for 2018/19 financial year:





Description	Amount	Percentage
Employee related costs	80 552 815,62	27%
Remuneration of councillors	24 909 098,23	8%
Debt impairment	29 342 826,74	10%
Depreciation & asset impairment	22 197 872,55	7%
Contracted services	84 309 652,74	28%
Other expenditure	61 604 067,90	20%
	<b>302 916 333,78</b>	<b>100%</b>

### 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 the municipality has put repairs and maintenance as one of the priorities to preserve and maintain the municipality's current infrastructure, to ensure that the existing assets are in good working conditions and to lengthen the assets life span. The 2018/19 budget and MTREF provide for a decrease in the area of asset maintenance as compared to the previous financial year 2016/17. 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 2018/19 amount to **R 52.5 million**, **R 44.5 million** and **R 41.9 million** for 2019/20 and 2020/21 respectively.

Repairs and maintenance expenditure budget amounts to 17 per cent of the municipality's budgeted operational expenditure for 2018/19. For the two outer years, repairs and maintenance is budgeted at 15 per cent and 14 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 4.2 million** for 2018/19, **R 4.5 million** and **R 4.7 million** for 2019/20 and 2020/21 respectively.

### Capital expenditure

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

**Table 3 2018/19 Medium-term capital budget per vote**

LIM473 Makhuduthamaga - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding											
Vote Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Capital expenditure - Vote</b>											
<b>Multi-year expenditure to be appropriated</b>	2										
Vote 1 - Executive Support		-	-	-	-	-	-	-	-	-	-
Vote 2 - Office of the Municipal Manager		-	-	-	-	-	-	-	-	-	-
Vote 3 - Economic Development and Planning		-	-	-	-	-	-	-	-	-	-
Vote 4 - Infrastructure Development		116 295	148 490	134 811	113 462	120 520	120 520	120 520	101 675	96 957	135 304
Vote 5 - Community Services		-	-	-	-	-	-	-	-	-	-
Vote 6 - Corporate Services		-	-	-	-	-	-	-	-	-	-
Vote 7 - Budget and Treasury		-	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	7	<b>116 295</b>	<b>148 490</b>	<b>134 811</b>	<b>113 462</b>	<b>120 520</b>	<b>120 520</b>	<b>120 520</b>	<b>101 675</b>	<b>96 957</b>	<b>135 304</b>
<b>Single-year expenditure to be appropriated</b>	2										
Vote 1 - Executive Support		-	-	2 200	-	-	-	-	-	-	-
Vote 2 - Office of the Municipal Manager		-	-	-	-	-	-	-	-	-	-
Vote 3 - Economic Development and Planning		-	3 700	3 060	2 000	-	-	-	-	-	-
Vote 4 - Infrastructure Development		-	2 100	7 000	13 000	13 000	13 000	13 000	10 445	5 565	5 565
Vote 5 - Community Services		-	500	2 193	6 500	5 300	5 300	5 300	6 174	2 435	-
Vote 6 - Corporate Services		1 037	4 050	3 500	5 000	5 500	5 500	5 500	1 739	2 174	2 400
Vote 7 - Budget and Treasury		10 167	12 200	15 307	5 000	5 000	5 000	5 000	1 304	870	-
<b>Capital single-year expenditure sub-total</b>		<b>11 204</b>	<b>22 550</b>	<b>33 260</b>	<b>31 500</b>	<b>28 800</b>	<b>28 800</b>	<b>28 800</b>	<b>19 663</b>	<b>11 043</b>	<b>7 965</b>
<b>Total Capital Expenditure - Vote</b>		<b>127 500</b>	<b>171 040</b>	<b>168 071</b>	<b>144 962</b>	<b>149 320</b>	<b>149 320</b>	<b>149 320</b>	<b>121 337</b>	<b>108 000</b>	<b>143 270</b>

### New and Existing Capital Assets

For 2018/19 an amount of **R 121 million** has been appropriated for the new capital expenditure which will be funded by MIG to the amount of **R 66 million** and equitable share & VAT refunds to the amount of **R 55 million**. For 2019/20 and 2020/21 the budget has been appropriated at **R 108 million** and **R 143 million** respectively.

Infrastructure and Development vote is appropriated the highest allocation of **R 101 million** in 2017/18 which equates to 83 per cent of the total capital budget for 2018/19 to build roads and bridges, Budget and Treasury is allocated 1 per cent of the total capital budget. The remaining 16 per cent is allocated to Technical Services at 10 per cent, Corporate Services at 1 per cent, Waste Management 5 per cent.

**Below are the capital projects which form part of the total budgeted capital expenditure for 2018/19 MTREF:**

Makgwabe Mphane access road 2018/19 (MIG) – **R 21.7 million**.

Rietfontein to Eensam access road 2018/19 (MIG) – **R 13.2 million**.

Thabampshe Cross to Tswaing 2018/19 (MIG) - **R 4.3 million**

Mashabela Mphane access road 2018/19 (MIG) – **R 9 million**.

Mohlala Ngwanatshwane access bridge 2018/19 (ES) – **R 7.8 million**.

Thusong centre 2018/19 (ES) – **R 4.3 million**.

Sekhukhune Traffic Station access road 2018/19 (ES) – **R 5.2 million**.

Cabrieve/Khayelicha 2018/19 (ES) – **R 11.3 million**.

Lobethal/Tisane access road 2018/19 (ES) – **R 443 thousands**.

Mokwete/Molepane access road 2018/19 (ES) – **R 443 thousands**.

Mochadi access road 2018/19 (ES) – **R 443 thousands**.

Seruteng/Marishane access road 2018/19 (ES) – **R 443 thousands**.

Maila Mapitsane to Magolego access road (ES) – **R 1 million**.

Phaahla access road 2018/19 (ES) – **R 443 thousands**.

Ga-Mampane access road 2018/19 (ES) – **R 7.4 million**.

Refurbish Water & Sewage system at main & satellite offices 2018/19 (ES) – **R 2.6 million**.

Upgrading of Nebo DLTC 2018/19 (ES) – **R 4.5 million**.

Upgrading of Sekhukhune DLTC 2018/19 (ES) – **R 4.5 million**.

Glen Cowie/Phokoane post office access road 2018/19 (ES) – **R 1.7 million**.

Stocking Internal Streets 2018/19 (ES) – **R 443 thousands.**

Rietfontein storm water control system 2018/19 (ES) – **R 443 thousands.**

## **2.4 DRAFTANNUAL BUDGET TABLES (A1 to A10)**

The following are the ten main A schedule tables for the annual budget of Makhuduthamaga municipality for the 2018/19 MTREF



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

LIM473 Makhuduthamaga - Table A1 Budget Summary										
Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Financial Performance</b>										
Property rates	29 841	31 834	37 894	38 841	37 728	37 728	37 728	37 237	37 124	37 086
Investment revenue	8 119	11 702	10 225	12 259	9 028	9 028	9 028	10 235	10 746	9 723
Transfers recognised - operational	182 401	232 170	228 253	236 226	236 226	236 226	236 226	258 537	271 599	292 539
Other own revenue	23 899	27 081	30 116	28 011	39 871	39 871	39 871	35 889	32 236	31 314
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>244 261</b>	<b>302 787</b>	<b>306 487</b>	<b>315 338</b>	<b>322 853</b>	<b>322 853</b>	<b>322 853</b>	<b>341 898</b>	<b>351 705</b>	<b>370 663</b>
Employee costs	43 604	51 285	63 112	72 815	69 635	69 635	69 635	80 553	85 733	91 516
Remuneration of councillors	17 529	19 909	20 792	22 040	22 040	22 040	22 040	24 909	26 503	28 226
Depreciation & asset impairment	13 715	16 616	18 938	21 500	23 218	23 218	23 218	22 198	23 397	24 683
Other expenditure	216 318	253 051	170 163	152 461	212 257	212 257	212 257	175 257	169 982	148 245
<b>Total Expenditure</b>	<b>291 166</b>	<b>340 862</b>	<b>273 006</b>	<b>268 817</b>	<b>327 150</b>	<b>327 150</b>	<b>327 150</b>	<b>302 916</b>	<b>305 615</b>	<b>292 670</b>
<b>Surplus/(Deficit)</b>	<b>(46 905)</b>	<b>(38 075)</b>	<b>33 481</b>	<b>46 521</b>	<b>(4 297)</b>	<b>(4 297)</b>	<b>(4 297)</b>	<b>38 982</b>	<b>46 090</b>	<b>77 993</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	54 735	75 450	94 210	76 196	82 196	82 196	82 196	66 000	62 122	65 569
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>7 830</b>	<b>37 375</b>	<b>127 691</b>	<b>122 717</b>	<b>77 899</b>	<b>77 899</b>	<b>77 899</b>	<b>104 982</b>	<b>108 212</b>	<b>143 562</b>
<b>Surplus/(Deficit) for the year</b>	<b>7 830</b>	<b>37 375</b>	<b>127 691</b>	<b>122 717</b>	<b>77 899</b>	<b>77 899</b>	<b>77 899</b>	<b>104 982</b>	<b>108 212</b>	<b>143 562</b>
<b>Capital expenditure &amp; funds sources</b>										
<b>Capital expenditure</b>	<b>127 500</b>	<b>171 040</b>	<b>168 071</b>	<b>144 962</b>	<b>149 320</b>	<b>149 320</b>	<b>149 320</b>	<b>121 337</b>	<b>108 000</b>	<b>143 270</b>
Transfers recognised - capital	127 500	171 040	168 071	144 962	149 320	149 320	149 320	121 337	108 000	143 270
<b>Total sources of capital funds</b>	<b>127 500</b>	<b>171 040</b>	<b>168 071</b>	<b>144 962</b>	<b>149 320</b>	<b>149 320</b>	<b>149 320</b>	<b>121 337</b>	<b>108 000</b>	<b>143 270</b>
<b>Financial position</b>										
Total current assets	143 429	148 282	120 362	133 183	125 868	125 868	125 868	128 401	163 959	189 481
Total non current assets	220 411	356 145	425 341	521 519	521 519	521 519	521 519	386 222	408 463	462 605
Total current liabilities	31 379	14 376	15 468	33 613	33 613	33 613	33 613	17 726	18 896	19 935
Total non current liabilities	2 813	3 744	4 028	4 327	4 327	4 327	4 327	4 616	4 921	5 192
Community wealth/Equity	329 648	486 307	526 206	616 763	609 448	609 448	609 448	492 280	548 605	626 958
<b>Cash flows</b>										
Net cash from (used) operating	111 214	174 642	164 713	157 039	131 778	131 778	131 778	119 878	139 315	165 082
Net cash from (used) investing	(128 798)	(171 040)	(168 071)	(144 962)	(149 320)	(149 320)	(149 320)	(121 337)	(108 000)	(143 270)
<b>Cash/cash equivalents at the year end</b>	<b>112 117</b>	<b>115 720</b>	<b>65 338</b>	<b>96 282</b>	<b>66 662</b>	<b>66 662</b>	<b>66 662</b>	<b>65 203</b>	<b>96 518</b>	<b>118 331</b>
<b>Cash backing/surplus reconciliation</b>										
Cash and investments available	112 117	115 720	65 338	73 977	66 662	66 662	66 662	65 203	96 518	118 331
Application of cash and investments	23 561	(9 152)	(27 951)	(11 760)	(27 121)	(27 121)	(27 121)	(13 551)	(21 771)	(25 770)
<b>Balance - surplus (shortfall)</b>	<b>88 556</b>	<b>124 872</b>	<b>93 289</b>	<b>85 737</b>	<b>93 783</b>	<b>93 783</b>	<b>93 783</b>	<b>78 754</b>	<b>118 289</b>	<b>144 100</b>
<b>Asset management</b>										
Asset register summary (WDV)	220 411	356 145	425 341	521 519	521 519	521 519		386 222	408 463	462 605
Depreciation	13 715	16 616	18 938	21 500	23 218	23 218		22 198	23 397	24 683
Renewal of Existing Assets	6 700	-	18 421	-	-	-		2 616	2 609	2 000
Repairs and Maintenance	22 626	58 828	42 200	22 581	42 381	42 381		25 283	32 795	30 782
<b>Free services</b>										
Cost of Free Basic Services provided	10	10	10	10	10	10	10	10	10	10
Revenue cost of free services provided	605	605	605	605	605	605	605	605	605	605
<b>Households below minimum service level</b>										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sew erage:	-	-	-	-	-	-	-	-	-	-
Energy :	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-

## 2.4.2 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	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Revenue - Functional</b>										
<b>Governance and administration</b>		298 996	378 237	400 697	391 534	405 049	405 049	407 898	413 827	436 232
Executive and council		–	–	–	–	–	–	–	–	–
Finance and administration		298 996	378 237	400 697	391 534	405 049	405 049	407 898	413 827	436 232
Internal audit		–	–	–	–	–	–	–	–	–
<b>Other</b>	4	–	–	–	–	–	–	–	–	–
<b>Total Revenue - Functional</b>	2	298 996	378 237	400 697	391 534	405 049	405 049	407 898	413 827	436 232
<b>Expenditure - Functional</b>										
<b>Governance and administration</b>		227 985	246 230	178 343	189 446	211 396	211 396	211 537	221 718	208 059
Executive and council		36 401	54 925	61 501	62 803	77 449	77 449	69 056	73 190	68 615
Finance and administration		191 584	191 305	116 842	126 643	133 628	133 628	139 873	146 354	137 243
Internal audit		–	–	–	–	319	319	2 609	2 174	2 200
<b>Community and public safety</b>		12 323	17 311	18 417	23 607	32 070	32 070	26 339	30 675	31 318
Community and social services		3 346	4 881	5 237	6 937	8 900	8 900	9 953	10 004	8 840
Sport and recreation		970	1 900	963	3 135	3 135	3 135	1 000	1 000	1 450
Public safety		8 008	10 530	12 217	13 535	13 535	13 535	12 385	13 172	14 028
Housing		–	–	–	–	6 500	6 500	3 000	6 500	7 000
Health		–	–	–	–	–	–	–	–	–
<b>Economic and environmental services</b>		38 479	60 642	57 387	35 740	74 259	74 259	55 611	43 253	41 877
Planning and development		9 453	17 219	13 652	13 457	16 216	16 216	15 157	14 186	14 257
Road transport		29 026	43 423	43 735	22 283	33 143	33 143	16 642	20 939	20 260
Environmental protection		–	–	–	–	24 900	24 900	23 813	8 128	7 360
<b>Trading services</b>		12 378	16 678	18 859	20 024	9 425	9 425	9 429	9 968	11 416
Energy sources		8 764	10 480	7 804	7 902	7 902	7 902	6 187	6 518	7 742
Water management		–	–	–	–	–	–	–	–	–
Waste water management		–	–	–	–	–	–	–	–	–
Waste management		3 614	6 197	11 054	12 122	1 523	1 523	3 242	3 450	3 674
<b>Other</b>	4	–	–	–	–	–	–	–	–	–
<b>Total Expenditure - Functional</b>	3	291 166	340 862	273 006	268 817	327 150	327 150	302 916	305 615	292 670
<b>Surplus/(Deficit) for the year</b>		7 830	37 375	127 691	122 717	77 899	77 899	104 982	108 212	143 562

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

LIM473 Makhuduthamaga - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)										
Vote Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Revenue by Vote</b>	1									
Vote 1 - Executive 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		298 996	378 237	400 697	391 534	405 049	405 049	407 898	413 827	436 232
<b>Total Revenue by Vote</b>	2	<b>298 996</b>	<b>378 237</b>	<b>400 697</b>	<b>391 534</b>	<b>405 049</b>	<b>405 049</b>	<b>407 898</b>	<b>413 827</b>	<b>436 232</b>
<b>Expenditure by Vote to be appropriated</b>	1									
Vote 1 - Executive Support		32 139	49 262	53 621	52 670	67 484	67 484	58 089	60 732	55 415
Vote 2 - Office of the Municipal Manager		4 262	5 664	7 880	10 133	9 965	9 965	13 575	14 632	15 400
Vote 3 - Economic Development and Planning		9 453	17 219	13 652	13 457	13 694	13 694	12 558	11 426	11 320
Vote 4 - Infrastructure Development		37 790	53 903	51 539	30 185	50 067	50 067	28 427	36 717	37 939
Vote 5 - Community Services		15 937	23 509	29 471	35 729	51 993	51 993	50 394	35 753	35 352
Vote 6 - Corporate Services		18 853	17 069	23 692	25 218	26 518	26 518	31 907	27 175	27 460
Vote 7 - Budget and Treasury		172 732	174 236	93 150	101 425	107 429	107 429	107 965	119 179	109 784
<b>Total Expenditure by Vote</b>	2	<b>291 166</b>	<b>340 862</b>	<b>273 006</b>	<b>268 817</b>	<b>327 150</b>	<b>327 150</b>	<b>302 916</b>	<b>305 615</b>	<b>292 670</b>
<b>Surplus/(Deficit) for the year</b>	2	<b>7 830</b>	<b>37 375</b>	<b>127 691</b>	<b>122 717</b>	<b>77 899</b>	<b>77 899</b>	<b>104 982</b>	<b>108 212</b>	<b>143 562</b>



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

LIM473 Makhuduthamaga - Table A4 Budgeted Financial Performance (revenue and expenditure)											
Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Revenue By Source</b>											
Property rates	2	29 841	31 834	37 894	38 841	37 728	37 728	37 728	37 237	37 124	37 086
Service charges - other		–	–	–	–	–	–	–	–	–	–
Rental of facilities and equipment		106	115	121	121	121	121	121	130	141	155
Interest earned - external investments		8 119	11 702	10 225	12 259	9 028	9 028	9 028	10 235	10 746	9 723
Interest earned - outstanding debtors		17 087	20 498	23 498	21 058	33 651	33 651	33 651	29 343	24 941	23 474
Fines, penalties and forfeits		635	579	730	632	265	265	265	150	180	200
Agency services		4 400	4 909	5 154	5 169	5 169	5 169	5 169	5 584	6 254	6 754
Transfers and subsidies		182 401	232 170	228 253	236 226	236 226	236 226	236 226	258 537	271 599	292 539
Other revenue	2	1 669	980	613	1 032	665	665	665	682	720	731
Gains on disposal of PPE		2	–	–	–	–	–	–	–	–	–
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>244 261</b>	<b>302 787</b>	<b>306 487</b>	<b>315 338</b>	<b>322 853</b>	<b>322 853</b>	<b>322 853</b>	<b>341 898</b>	<b>351 705</b>	<b>370 663</b>
<b>Expenditure By Type</b>											
Employee related costs	2	43 604	51 285	63 112	72 815	69 635	69 635	69 635	80 553	85 733	91 516
Remuneration of councillors		17 529	19 909	20 792	22 040	22 040	22 040	22 040	24 909	26 503	28 226
Debt impairment	3	27 989	30 000	31 417	28 049	28 049	28 049	28 049	29 343	34 860	20 897
Depreciation & asset impairment	2	13 715	16 616	18 938	21 500	23 218	23 218	23 218	22 198	23 397	24 683
Contracted services		35 387	58 828	56 365	35 647	113 655	113 655	113 655	84 310	75 439	70 435
Transfers and subsidies		–	–	–	–	–	–	–	–	–	–
Other expenditure	4, 5	55 299	78 273	82 381	88 766	70 554	70 554	70 554	61 604	59 683	56 912
Loss on disposal of PPE		97 643	85 950	–	–	–	–	–	–	–	–
<b>Total Expenditure</b>		<b>291 166</b>	<b>340 862</b>	<b>273 006</b>	<b>268 817</b>	<b>327 150</b>	<b>327 150</b>	<b>327 150</b>	<b>302 916</b>	<b>305 615</b>	<b>292 670</b>
<b>Surplus/(Deficit)</b>		<b>(46 905)</b>	<b>(38 075)</b>	<b>33 481</b>	<b>46 521</b>	<b>(4 297)</b>	<b>(4 297)</b>	<b>(4 297)</b>	<b>38 982</b>	<b>46 090</b>	<b>77 993</b>
Provincial and District)		54 735	75 450	94 210	76 196	82 196	82 196	82 196	66 000	62 122	65 569
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>7 830</b>	<b>37 375</b>	<b>127 691</b>	<b>122 717</b>	<b>77 899</b>	<b>77 899</b>	<b>77 899</b>	<b>104 982</b>	<b>108 212</b>	<b>143 562</b>
Taxation		–	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) after taxation</b>		<b>7 830</b>	<b>37 375</b>	<b>127 691</b>	<b>122 717</b>	<b>77 899</b>	<b>77 899</b>	<b>77 899</b>	<b>104 982</b>	<b>108 212</b>	<b>143 562</b>
Attributable to minorities		–	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) attributable to municipality</b>		<b>7 830</b>	<b>37 375</b>	<b>127 691</b>	<b>122 717</b>	<b>77 899</b>	<b>77 899</b>	<b>77 899</b>	<b>104 982</b>	<b>108 212</b>	<b>143 562</b>
Share of surplus/ (deficit) of associate	7	–	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) for the year</b>		<b>7 830</b>	<b>37 375</b>	<b>127 691</b>	<b>122 717</b>	<b>77 899</b>	<b>77 899</b>	<b>77 899</b>	<b>104 982</b>	<b>108 212</b>	<b>143 562</b>

### 2.4.5 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	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 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 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Capital expenditure - Vote</b>											
<b>Multi-year expenditure to be appropriated</b>	2										
Vote 1 - Executive Support		-	-	-	-	-	-	-	-	-	-
Vote 2 - Office of the Municipal Manager		-	-	-	-	-	-	-	-	-	-
Vote 3 - Economic Development and Planning		-	-	-	-	-	-	-	-	-	-
Vote 4 - Infrastructure Development		116 295	148 490	134 811	113 462	120 520	120 520	120 520	101 675	96 957	135 304
Vote 5 - Community Services		-	-	-	-	-	-	-	-	-	-
Vote 6 - Corporate Services		-	-	-	-	-	-	-	-	-	-
Vote 7 - Budget and Treasury		-	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	7	116 295	148 490	134 811	113 462	120 520	120 520	120 520	101 675	96 957	135 304
<b>Single-year expenditure to be appropriated</b>	2										
Vote 1 - Executive Support		-	-	2 200	-	-	-	-	-	-	-
Vote 2 - Office of the Municipal Manager		-	-	-	-	-	-	-	-	-	-
Vote 3 - Economic Development and Planning		-	3 700	3 060	2 000	-	-	-	-	-	-
Vote 4 - Infrastructure Development		-	2 100	7 000	13 000	13 000	13 000	13 000	10 445	5 565	5 565
Vote 5 - Community Services		-	500	2 193	6 500	5 300	5 300	5 300	6 174	2 435	-
Vote 6 - Corporate Services		1 037	4 050	3 500	5 000	5 500	5 500	5 500	1 739	2 174	2 400
Vote 7 - Budget and Treasury		10 167	12 200	15 307	5 000	5 000	5 000	5 000	1 304	870	-
<b>Capital single-year expenditure sub-total</b>		11 204	22 550	33 260	31 500	28 800	28 800	28 800	19 663	11 043	7 965
<b>Total Capital Expenditure - Vote</b>		127 500	171 040	168 071	144 962	149 320	149 320	149 320	121 337	108 000	143 270
<b>Capital Expenditure - Functional</b>											
<b>Governance and administration</b>		11 204	16 250	21 007	10 000	10 500	10 500	10 500	3 043	3 043	2 400
Finance and administration		11 204	16 250	21 007	10 000	10 500	10 500	10 500	3 043	3 043	2 400
<b>Community and public safety</b>		-	500	-	1 200	-	-	-	-	-	-
Public safety		-	500	-	1 200	-	-	-	-	-	-
<b>Economic and environmental services</b>		116 295	152 190	137 871	115 462	120 520	120 520	120 520	101 675	96 957	135 304
Planning and development		-	3 700	3 060	2 000	-	-	-	-	-	-
Road transport		116 295	148 490	134 811	113 462	120 520	120 520	120 520	101 675	96 957	135 304
<b>Trading services</b>		-	2 100	9 193	18 300	18 300	18 300	18 300	16 619	8 000	5 565
Energy sources		-	2 100	7 000	13 000	13 000	13 000	13 000	10 445	5 565	5 565
Waste management		-	-	2 193	5 300	5 300	5 300	5 300	6 174	2 435	-
<b>Total Capital Expenditure - Functional</b>	3	127 500	171 040	168 071	144 962	149 320	149 320	149 320	121 337	108 000	143 270
<b>Funded by:</b>											
National Government		127 500	171 040	168 071	144 962	149 320	149 320	149 320	121 337	108 000	143 270
<b>Transfers recognised - capital</b>	4	127 500	171 040	168 071	144 962	149 320	149 320	149 320	121 337	108 000	143 270
<b>Total Capital Funding</b>	7	127 500	171 040	168 071	144 962	149 320	149 320	149 320	121 337	108 000	143 270

## 2.4.6 Table MBRR A6 – Budgeted Financial Position

LIM473 Makhuduthamaga - Table A6 Budgeted Financial Position											
Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>ASSETS</b>											
<b>Current assets</b>											
Cash		112 117	115 720	65 338	73 977	66 662	66 662	66 662	65 203	96 518	118 331
Call investment deposits	1	–	–	–	–	–	–	–	–	–	–
Consumer debtors	1	13 590	19 223	46 113	49 526	49 526	49 526	49 526	52 844	56 331	59 430
Other debtors		17 315	12 925	8 595	9 230	9 230	9 230	9 230	9 849	10 499	11 076
Current portion of long-term receivables		–	–	–	–	–	–	–	–	–	–
Inventory	2	407	415	316	450	450	450	450	505	610	644
<b>Total current assets</b>		<b>143 429</b>	<b>148 282</b>	<b>120 362</b>	<b>133 183</b>	<b>125 868</b>	<b>125 868</b>	<b>125 868</b>	<b>128 401</b>	<b>163 959</b>	<b>189 481</b>
<b>Non current assets</b>											
Investment property		1 172	1 172	1 172	1 252	1 252	1 252	1 252	1 252	1 252	1 252
Property, plant and equipment	3	218 385	352 909	423 171	518 817	518 817	518 817	518 817	383 671	406 152	460 456
Intangible		854	2 064	998	1 451	1 451	1 451	1 451	1 300	1 060	897
Other non-current assets											
<b>Total non current assets</b>		<b>220 411</b>	<b>356 145</b>	<b>425 341</b>	<b>521 519</b>	<b>521 519</b>	<b>521 519</b>	<b>521 519</b>	<b>386 222</b>	<b>408 463</b>	<b>462 605</b>
<b>TOTAL ASSETS</b>		<b>363 840</b>	<b>504 427</b>	<b>545 703</b>	<b>654 702</b>	<b>647 387</b>	<b>647 387</b>	<b>647 387</b>	<b>514 623</b>	<b>572 422</b>	<b>652 085</b>
<b>LIABILITIES</b>											
<b>Current liabilities</b>											
Trade and other payables	4	31 379	14 376	15 468	33 613	33 613	33 613	33 613	17 726	18 896	19 935
Provisions											
<b>Total current liabilities</b>		<b>31 379</b>	<b>14 376</b>	<b>15 468</b>	<b>33 613</b>	<b>33 613</b>	<b>33 613</b>	<b>33 613</b>	<b>17 726</b>	<b>18 896</b>	<b>19 935</b>
<b>Non current liabilities</b>											
Borrowing		–	–	–	–	–	–	–	–	–	–
Provisions		2 813	3 744	4 028	4 327	4 327	4 327	4 327	4 616	4 921	5 192
<b>Total non current liabilities</b>		<b>2 813</b>	<b>3 744</b>	<b>4 028</b>	<b>4 327</b>	<b>4 327</b>	<b>4 327</b>	<b>4 327</b>	<b>4 616</b>	<b>4 921</b>	<b>5 192</b>
<b>TOTAL LIABILITIES</b>		<b>34 192</b>	<b>18 120</b>	<b>19 497</b>	<b>37 940</b>	<b>37 940</b>	<b>37 940</b>	<b>37 940</b>	<b>22 343</b>	<b>23 817</b>	<b>25 127</b>
<b>NET ASSETS</b>	5	<b>329 648</b>	<b>486 307</b>	<b>526 206</b>	<b>616 763</b>	<b>609 448</b>	<b>609 448</b>	<b>609 448</b>	<b>492 280</b>	<b>548 605</b>	<b>626 958</b>
<b>COMMUNITY WEALTH/EQUITY</b>											
Accumulated Surplus/(Deficit)		329 648	486 307	526 206	616 763	609 448	609 448	609 448	492 280	548 605	626 958
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	5	<b>329 648</b>	<b>486 307</b>	<b>526 206</b>	<b>616 763</b>	<b>609 448</b>	<b>609 448</b>	<b>609 448</b>	<b>492 280</b>	<b>548 605</b>	<b>626 958</b>

### 2.4.7 Table MBRR A7 – Budgeted Cash Flows

LIM473 Makhuduthamaga - Table A7 Budgeted Cash Flows											
Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>											
<b>Receipts</b>											
Property rates		8 425	10 414	23 505	25 245	25 245	25 245	25 245	29 936	34 912	36 500
Service charges		–	–	–	–	–	–	–	–	–	–
Other revenue		5 169	32 704	30 471	26 381	54 966	54 966	54 966	6 546	7 294	7 840
Government - operating	1	232 147	232 170	228 253	236 226	236 226	236 226	236 226	258 537	271 599	292 539
Government - capital	1	–	75 450	94 210	76 196	82 196	82 196	82 196	66 000	62 122	65 569
Interest		8 119	32 200	10 225	12 259	9 028	9 028	9 028	10 235	10 746	9 723
Dividends		–	–	–	–	–	–	–	–	–	–
<b>Payments</b>											
Suppliers and employees		(142 647)	(208 296)	(221 951)	(219 268)	(275 883)	(275 883)	(275 883)	(251 376)	(247 358)	(247 089)
Finance charges		–	–	–	–	–	–	–	–	–	–
Transfers and Grants	1	–	–	–	–	–	–	–	–	–	–
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>111 214</b>	<b>174 642</b>	<b>164 713</b>	<b>157 039</b>	<b>131 778</b>	<b>131 778</b>	<b>131 778</b>	<b>119 878</b>	<b>139 315</b>	<b>165 082</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>											
<b>Receipts</b>											
Proceeds on disposal of PPE		7	–	–	–	–	–	–	–	–	–
<b>Payments</b>											
Capital assets		(128 805)	(171 040)	(168 071)	(144 962)	(149 320)	(149 320)	(149 320)	(121 337)	(108 000)	(143 270)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(128 798)</b>	<b>(171 040)</b>	<b>(168 071)</b>	<b>(144 962)</b>	<b>(149 320)</b>	<b>(149 320)</b>	<b>(149 320)</b>	<b>(121 337)</b>	<b>(108 000)</b>	<b>(143 270)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>											
<b>Receipts</b>											
Short term loans		–	–	–	–	–	–	–	–	–	–
Borrowing long term/refinancing		–	–	–	–	–	–	–	–	–	–
Increase (decrease) in consumer deposits		–	–	–	–	–	–	–	–	–	–
<b>Payments</b>											
Repayment of borrowing		–	–	–	–	–	–	–	–	–	–
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>(17 585)</b>	<b>3 602</b>	<b>(3 358)</b>	<b>12 078</b>	<b>(17 542)</b>	<b>(17 542)</b>	<b>(17 542)</b>	<b>(1 459)</b>	<b>31 315</b>	<b>21 812</b>
Cash/cash equivalents at the year begin:	2	129 702	112 117	68 696	84 204	84 204	84 204	84 204	66 662	65 203	96 518
Cash/cash equivalents at the year end:	2	112 117	115 720	65 338	96 282	66 662	66 662	66 662	65 203	96 518	118 331

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

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. The 2018/19 MTREF provide for a net decrease in cash of **R 1 million** for the 2018/19 financial year, net increase of **R 31 million** in 2019/20 and **R 22 million** in 2020/21.

### 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.

Capital Assets expenditure and cash paid to suppliers and employees increases over the 2018/19 MTREF due to increase in employee costs, operational expenditure budget, capital expenditure budget and the projected creditors balance at the end of each budget year.

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

LIM473 Makhuduthamaga - Table A8 Cash backed reserves/accumulated surplus reconciliation											
Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Cash and investments available</b>											
Cash/cash equivalents at the year end	1	112 117	115 720	65 338	96 282	66 662	66 662	66 662	65 203	96 518	118 331
Other current investments > 90 days		–	0	–	(22 305)	(0)	(0)	(0)	(0)	–	–
Non current assets - Investments	1	–	–	–	–	–	–	–	–	–	–
<b>Cash and investments available:</b>		<b>112 117</b>	<b>115 720</b>	<b>65 338</b>	<b>73 977</b>	<b>66 662</b>	<b>66 662</b>	<b>66 662</b>	<b>65 203</b>	<b>96 518</b>	<b>118 331</b>
<b>Application of cash and investments</b>											
Unspent conditional transfers		2 717	12 300	–	–	–	–	–	–	–	–
Unspent borrowing		–	–	–	–	–	–	–	–	–	–
Statutory requirements	2										
Other working capital requirements	3	–	–	–	–	–	–	–	–	–	–
Other provisions											
Long term investments committed	4	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5										
<b>Total Application of cash and investments:</b>		<b>2 717</b>	<b>12 300</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Surplus(shortfall)</b>		<b>109 401</b>	<b>103 420</b>	<b>65 338</b>	<b>73 977</b>	<b>66 662</b>	<b>66 662</b>	<b>66 662</b>	<b>65 203</b>	<b>96 518</b>	<b>118 331</b>

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

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. From the table it can be seen that for the period 2018/19 to 2020/21 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 2018/19 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



#### 2.4.9 Table MBRR table A9 – Asset Management

LIM473 Makhuduthamaga - Table A9 Asset Management										
Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>CAPITAL EXPENDITURE</b>										
<b>Total New Assets</b>	1	120 800	171 040	149 649	144 962	149 320	149 320	110 010	100 174	137 530
Roads Infrastructure		109 595	148 490	116 389	113 462	120 520	120 520	90 348	89 130	129 565
Electrical Infrastructure		—	2 100	7 000	13 000	13 000	13 000	10 445	5 565	5 565
Solid Waste Infrastructure		—	—	2 500	5 300	5 300	5 300	6 174	2 435	—
<b>Infrastructure</b>		<b>109 595</b>	<b>150 590</b>	<b>125 889</b>	<b>131 762</b>	<b>138 820</b>	<b>138 820</b>	<b>106 967</b>	<b>97 130</b>	<b>135 130</b>
Community Facilities		—	3 700	3 060	3 200	—	—	—	—	—
<b>Community Assets</b>		<b>—</b>	<b>3 700</b>	<b>3 060</b>	<b>3 200</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
Operational Buildings		10 167	12 700	17 200	—	—	—	1 304	870	—
<b>Other Assets</b>		<b>10 167</b>	<b>12 700</b>	<b>17 200</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>1 304</b>	<b>870</b>	<b>—</b>
Computer Equipment		1 037	4 050	3 500	5 000	5 500	5 500	1 739	2 174	2 400
Machinery and Equipment		—	—	—	5 000	5 000	5 000	—	—	—
<b>Total Renewal of Existing Assets</b>	2	6 700	—	18 421	—	—	—	2 616	2 609	2 000
Roads Infrastructure		6 700	—	18 421	—	—	—	—	—	—
Solid Waste Infrastructure		—	—	—	—	—	—	2 616	2 609	2 000
<b>Infrastructure</b>		<b>6 700</b>	<b>—</b>	<b>18 421</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>2 616</b>	<b>2 609</b>	<b>2 000</b>
<b>Total Upgrading of Existing Assets</b>	6	—	—	—	—	—	—	8 711	5 217	3 740
Community Facilities		—	—	—	—	—	—	8 711	5 217	3 740
<b>Community Assets</b>		<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>8 711</b>	<b>5 217</b>	<b>3 740</b>
<b>Total Capital Expenditure</b>	4									
Roads Infrastructure		116 295	148 490	134 811	113 462	120 520	120 520	90 348	89 130	129 565
Electrical Infrastructure		—	2 100	7 000	13 000	13 000	13 000	10 445	5 565	5 565
Solid Waste Infrastructure		—	—	2 500	5 300	5 300	5 300	8 790	5 043	2 000
<b>Infrastructure</b>		<b>116 295</b>	<b>150 590</b>	<b>144 311</b>	<b>131 762</b>	<b>138 820</b>	<b>138 820</b>	<b>109 583</b>	<b>99 739</b>	<b>137 130</b>
Community Facilities		—	3 700	3 060	3 200	—	—	8 711	5 217	3 740
<b>Community Assets</b>		<b>—</b>	<b>3 700</b>	<b>3 060</b>	<b>3 200</b>	<b>—</b>	<b>—</b>	<b>8 711</b>	<b>5 217</b>	<b>3 740</b>
Operational Buildings		10 167	12 700	17 200	—	—	—	1 304	870	—
<b>Other Assets</b>		<b>10 167</b>	<b>12 700</b>	<b>17 200</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>1 304</b>	<b>870</b>	<b>—</b>
Computer Equipment		1 037	4 050	3 500	5 000	5 500	5 500	1 739	2 174	2 400
Machinery and Equipment		—	—	—	5 000	5 000	5 000	—	—	—
<b>TOTAL CAPITAL EXPENDITURE - Asset class</b>		<b>127 500</b>	<b>171 040</b>	<b>168 071</b>	<b>144 962</b>	<b>149 320</b>	<b>149 320</b>	<b>121 337</b>	<b>108 000</b>	<b>143 270</b>
<b>ASSET REGISTER SUMMARY - PPE (WDV)</b>	5									
Roads Infrastructure		182 801	290 771	367 512	450 578	450 578	450 578	317 863	342 906	399 914
Electrical Infrastructure		2 858	5 703	7 000	8 582	8 582	8 582	8 161	7 717	7 248
<b>Infrastructure</b>		<b>185 659</b>	<b>296 474</b>	<b>374 512</b>	<b>459 161</b>	<b>459 161</b>	<b>459 161</b>	<b>326 023</b>	<b>350 623</b>	<b>407 162</b>
Non-revenue Generating		1 172	1 172	1 172	1 252	1 252	1 252	1 252	1 252	1 252
<b>Investment properties</b>		<b>1 172</b>	<b>1 172</b>	<b>1 172</b>	<b>1 252</b>	<b>1 252</b>	<b>1 252</b>	<b>1 252</b>	<b>1 252</b>	<b>1 252</b>
Operational Buildings		32 727	56 435	48 659	59 657	59 657	59 657	57 647	55 529	53 294
<b>Other Assets</b>		<b>32 727</b>	<b>56 435</b>	<b>48 659</b>	<b>59 657</b>	<b>59 657</b>	<b>59 657</b>	<b>57 647</b>	<b>55 529</b>	<b>53 294</b>
Licences and Rights		854	2 064	998	1 451	1 451	1 451	1 300	1 060	897
<b>Intangible Assets</b>		<b>854</b>	<b>2 064</b>	<b>998</b>	<b>1 451</b>	<b>1 451</b>	<b>1 451</b>	<b>1 300</b>	<b>1 060</b>	<b>897</b>
<b>TOTAL ASSET REGISTER SUMMARY - PPE (WDV)</b>	5	<b>220 411</b>	<b>356 145</b>	<b>425 341</b>	<b>521 519</b>	<b>521 519</b>	<b>521 519</b>	<b>386 222</b>	<b>408 463</b>	<b>462 605</b>
<b>EXPENDITURE OTHER ITEMS</b>										
<b>Depreciation</b>	7	13 715	16 616	18 938	21 500	23 218	23 218	22 198	23 397	24 683
<b>Repairs and Maintenance by Asset Class</b>	3	22 626	58 828	42 200	22 581	42 381	42 381	25 283	32 795	30 782
Roads Infrastructure		20 734	37 550	36 100	2 000	22 000	22 000	12 000	16 000	15 000
Electrical Infrastructure		—	4 100	3 700	3 500	3 000	3 000	1 500	1 550	2 500
<b>Infrastructure</b>		<b>20 734</b>	<b>41 650</b>	<b>39 800</b>	<b>5 500</b>	<b>25 000</b>	<b>25 000</b>	<b>13 500</b>	<b>17 550</b>	<b>17 500</b>
Sport and Recreation Facilities		—	—	—	—	2 100	2 100	—	—	—
<b>Community Assets</b>		<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>2 100</b>	<b>2 100</b>	<b>—</b>	<b>—</b>	<b>—</b>
Operational Buildings		—	—	—	12 000	6 500	6 500	3 000	6 500	7 000
<b>Other Assets</b>		<b>—</b>	<b>—</b>	<b>—</b>	<b>12 000</b>	<b>6 500</b>	<b>6 500</b>	<b>3 000</b>	<b>6 500</b>	<b>7 000</b>
Computer Equipment		558	1 027	1 300	2 900	6 000	6 000	6 261	6 087	3 478
Machinery and Equipment		—	13 612	—	—	—	—	—	—	—
<b>Transport Assets</b>		<b>1 334</b>	<b>2 538</b>	<b>1 100</b>	<b>2 181</b>	<b>2 781</b>	<b>2 781</b>	<b>2 522</b>	<b>2 658</b>	<b>2 804</b>
<b>TOTAL EXPENDITURE OTHER ITEMS</b>		<b>36 340</b>	<b>75 443</b>	<b>61 138</b>	<b>44 081</b>	<b>65 599</b>	<b>65 599</b>	<b>47 480</b>	<b>56 191</b>	<b>55 466</b>



## 2.4.10 Table 16 MBRR table A10 – Basic Service delivery measurement

LIM473 Makhuduthamaga - Table A10 Basic service delivery measurement										
Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Household service targets</b>	1									
<b>Water:</b>										
Piped water inside dwelling		-	-	-	-	-	-	-	-	-
Piped water inside yard (but not in dwelling)		-	-	-	-	-	-	-	-	-
Using public tap (at least min.service level)	2	-	-	-	-	-	-	-	-	-
Other water supply (at least min.service level)	4	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Using public tap (< min.service level)	3	-	-	-	-	-	-	-	-	-
Other water supply (< min.service level)	4	-	-	-	-	-	-	-	-	-
No water supply		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
<b>Total number of households</b>	5	-	-	-	-	-	-	-	-	-
<b>Sanitation/sewerage:</b>										
Flush toilet (connected to sewerage)		-	-	-	-	-	-	-	-	-
Flush toilet (with septic tank)		-	-	-	-	-	-	-	-	-
Chemical toilet		-	-	-	-	-	-	-	-	-
Pit toilet (ventilated)		-	-	-	-	-	-	-	-	-
Other toilet provisions (> min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Bucket toilet		-	-	-	-	-	-	-	-	-
Other toilet provisions (< min.service level)		-	-	-	-	-	-	-	-	-
No toilet provisions		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
<b>Total number of households</b>	5	-	-	-	-	-	-	-	-	-
<b>Energy:</b>										
Electricity (at least min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Electricity (< min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (< min. service level)		-	-	-	-	-	-	-	-	-
Other energy sources		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
<b>Total number of households</b>	5	-	-	-	-	-	-	-	-	-

<b>Refuse:</b>										
Removed at least once a week		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Removed less frequently than once a week		-	-	-	-	-	-	-	-	-
Using communal refuse dump		-	-	-	-	-	-	-	-	-
Using own refuse dump		-	-	-	-	-	-	-	-	-
Other rubbish disposal		-	-	-	-	-	-	-	-	-
No rubbish disposal		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
<b>Total number of households</b>	5	-	-	-	-	-	-	-	-	-
<b>Households receiving Free Basic Service</b>	7									
Water (6 kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free minimum level service)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per household per month)		-	-	-	-	-	-	-	-	-
Refuse (removed at least once a week)		-	-	-	-	-	-	-	-	-
<b>Cost of Free Basic Services provided - Formal Settlements (R'000)</b>	8									
Water (6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per indigent household per month)		-	-	-	-	-	-	-	-	-
Refuse (removed once a week for indigent households)		-	-	-	-	-	-	-	-	-
<b>Cost of Free Basic Services provided - Informal Formal Settlements (R'000)</b>		10	10	10	10	10	10	10	10	10
<b>Total cost of FBS provided</b>		10	10	10	10	10	10	10	10	10
<b>Highest level of free service provided per household</b>										
Electricity (kwh per household per month)		50	50	50	50	50	50	50	50	50
Refuse (average litres per week)										
<b>Revenue cost of subsidised services provided (R'000)</b>	9									
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)		605	605	605	605	605	605	605	605	605
Other										
<b>Total revenue cost of subsidised services provided</b>		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 2018/19 MTREF:
  - Water services

- b. Sanitation services
  - c. Electricity services
  - d. Refuse services
4. The budget provides for 110 000 households to be registered as indigent in 2018/19, and therefore entitled to receiving Free Basic Services. It is anticipated that these Free Basic Services will cost the municipality **R 4.2 million** in 2018/19, increasing to **R 4.5 million** in 2019/20 and **R 4.7 million** in 2020/21. 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 2017) 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 2017. 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 August 2017.

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 2018/19 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 2018/19 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 2018/19 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 has been taken into consideration in the planning and prioritisation process.

### 3.1.4 Community Consultation

The consultation schedule for draft 2018/19 MTREF which was tabled before Council on 27 March 2018 was 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 89 and 91, 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 August 2017. 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**

2017/18 Financial year	2018/19 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	To improve quality of life of our citizens through

sustainable roads infrastructure.	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 2018/19 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	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand											
To secure sound and sustainable management of fiscus and financial affairs of the institution.	Improved revenue collection rate for property rates debtors		29 841	31 834	37 894	38 841	37 728	37 728	37 237	37 124	37 086
To secure sound and sustainable management of fiscus and financial affairs of the institution.	Improved revenue collection on rental of municipal assets.		106	115	121	121	121	121	130	141	155
To secure sound and sustainable management of fiscus and financial affairs of the institution.	increase revenue generation through interests on investments.		8 119	11 702	10 225	12 259	9 028	9 028	10 235	10 746	9 723
To secure sound and sustainable management of fiscus and financial affairs of the institution.	Improved collection rate on interests for overdue accounts.		17 087	20 498	23 498	21 058	33 651	33 651	29 343	24 941	23 474
To secure sound and sustainable management of fiscus and financial affairs of the institution.	To maximise adherence to roads laws and regulations.		635	579	730	632	265	265	150	180	200
To secure sound and sustainable management of fiscus and financial affairs of the institution.	Adherence to vehicle licensing regulations		4 400	4 909	5 154	5 169	5 169	5 169	5 584	6 254	6 754
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		182 401	232 170	228 253	236 226	236 226	236 226	258 537	271 599	292 539
To secure sound and sustainable management of fiscus and financial affairs of the institution.	Improve collection rate on VAT input and other revenue		1 669	980	613	1 032	665	665	682	720	731
To secure sound and sustainable management of fiscus and financial affairs of the institution.	Receipt of total allocation of MIG grant.		54 735	75 450	94 210	76 196	82 196	82 196	66 000	62 122	65 569
To recover some of the initial costs of acquiring the assets for re-investment purposes.			2	–	–	–	–	–	–	–	–
Allocations to other priorities											
Total Revenue (excluding capital transfers and contributions)			298 996	378 237	400 697	391 534	405 049	405 049	407 898	413 827	436 232



**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	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand											
Good corporate governance and administration	Implement best methods & practices of corporate governance		36 401	54 219	61 501	25 218	26 518	26 518	31 907	27 175	27 460
Excelerate basic service delivery	Deliver all basic services to the community members		37 790	53 518	81 010	65 914	102 060	102 060	78 821	72 470	73 291
Sustainable economic planning and development	Archiv ement of the set economic dev elopment targets		25 390	39 625	13 652	13 457	13 694	13 694	12 558	11 426	11 320
Sustainable financial management	financially viable municipality		172 732	174 385	93 150	101 425	107 429	107 429	107 965	119 179	109 784
Executiv e Support and Institutional Management	Practice of good governance		18 853	19 114	23 692	62 803	77 449	77 449	71 665	75 364	70 815
Allocations to other priorities											
Total Expenditure			291 166	340 862	273 006	268 817	327 150	327 150	302 916	305 615	292 670

**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	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand											
Good corporate governance and administration	Implement best methods & practices of corporate governance	A			2 200	5 000	5 500	5 500	1 739	2 174	2 400
Excelerate basic service delivery	Deliver all basic services to the community members	B	116 295	151 090	144 004	132 962	138 820	138 820	118 294	104 957	140 870
Sustainable economic planning and development	Archivement of the set economic development targets	C	–	3 700	3 060	2 000	–	–	–	–	–
Sustainable financial management	financially viable municipality	D	10 167	16 250	15 307	5 000	5 000	5 000	1 304	870	–
Executive Support and Institutional Management	Practice of good governance	E	1 037	–	3 500	–	–	–			
Allocations to other priorities											
Total Capital Expenditure			127 500	171 040	168 071	144 962	149 320	149 320	121 337	108 000	143 270

### 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

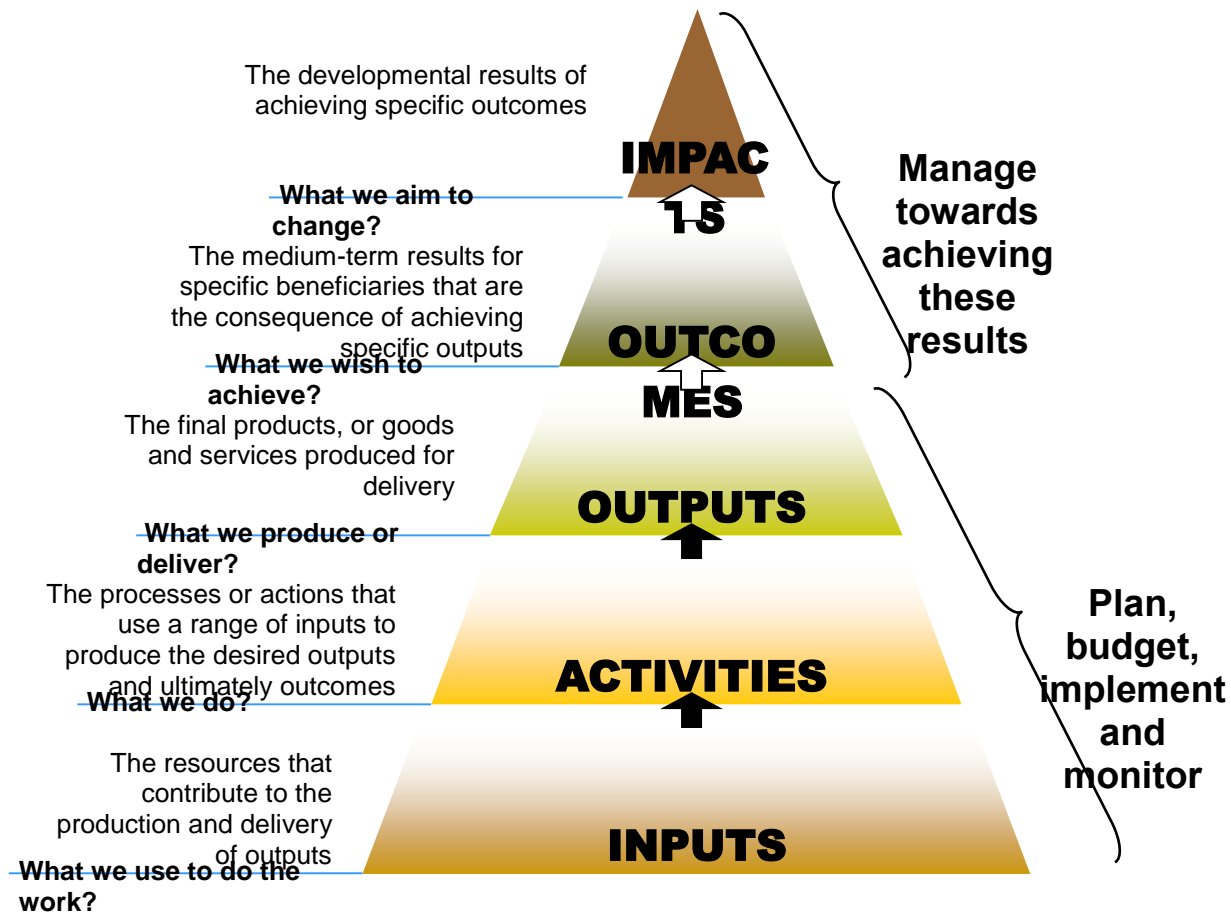
practices as informed by the National Framework for Managing Programme Performance Information, the municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assess and 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 2018/19 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	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b><u>Borrowing Management</u></b>											
Credit Rating											
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%
<b><u>Safety of Capital</u></b>											
Gearing	Long Term Borrowing/ Funds & Reserves	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
<b><u>Liquidity</u></b>											
Current Ratio	Current assets/current liabilities	4,6	10,3	7,8	4,0	3,7	3,7	3,7	7,2	8,7	9,5
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	4,6	10,3	7,8	4,0	3,7	3,7	3,7	7,2	8,7	9,5
Liquidity Ratio	Monetary Assets/Current Liabilities	3,6	8,0	4,2	2,2	2,0	2,0	2,0	3,7	5,1	5,9
<b><u>Revenue Management</u></b>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		28,2%	32,7%	62,0%	65,0%	66,9%	66,9%	66,9%	80,4%	94,0%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Outstanding Debtors to Revenue)	Total Outstanding Debtors to Annual Revenue	28,2%	32,7%	62,0%	65,0%	66,9%	66,9%	66,9%	80,4%	94,0%	98,4%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
<b><u>Creditors Management</u></b>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within 'MFMA' s 65(e))										
Creditors to Cash and Investments		25,6%	1,8%	23,7%	34,9%	50,4%	50,4%	50,4%	27,2%	19,6%	16,8%
<b><u>Other Indicators</u></b>											
Employee costs	Employee costs/(Total Revenue - capital revenue)	17,9%	16,9%	20,6%	23,1%	21,6%	21,6%	21,6%	23,6%	24,4%	24,7%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	26,4%	24,8%	27,4%	30,1%	28,4%	28,4%		31,1%	33,4%	32,7%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	9,3%	19,4%	13,8%	7,2%	13,1%	13,1%		7,4%	9,3%	8,3%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	5,6%	5,5%	6,2%	6,8%	7,2%	7,2%	7,2%	6,5%	6,7%	6,7%
<b><u>IDP regulation financial viability indicators</u></b>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	1,9	6,9	6,4	8,8	8,8	8,8	8,5	7,8	8,2	8,0
ii.O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	103,2%	100,6%	143,9%	150,8%	155,2%	155,2%	155,2%	167,8%	179,3%	189,3%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	9,2	7,3	3,8	6,0	3,1	3,1	3,1	3,2	4,7	6,1

### 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 2018/19 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 2018/19 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 2016/17 financial year the current ratio is 2.2 as per the audited annual financial statements for 30 June 2017. For the 2017/18 financial year, it is estimated to be at 7.1. It is further estimated to be at 8.68 and 9.5 for the two outer years of the 2018/19 MTREF respectively. Going forward it will be necessary to maintain these levels.
- *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to settle its current liabilities as they fall due. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1 or more. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the 2018/19 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 2018/19 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 2017/18 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 17% for 2018/19 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 2017/18 financial year registered indigents are been provided with a fifty (50) KWh token per household per month at a total cost **R 4.3 million** to the municipality. The cost of free basic electricity increases to **R 4.2 million** in 2018/19 financial year and increases to **R 4.5 million** and **R 4.7 million** in 2019/20 and 2020/21 respectively. The total amount of units provided per household remains at 50 KWh for the 2018/19 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 2018/19 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 2017, 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 2017. 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 2017. 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 2017.

## **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 2018/19 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 89 and 91. We budgeted an increase of 8 per cent for 2018/19 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 Tarriff 2016/17	Approved Tarriff 2017/18	Approved Tarriff 2018/19	Approved Tarriff 2019/20
Property Rate	1,5 Cents	1,5 Cents	1,5 Cents	1,5 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	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>											
<b>Receipts</b>											
Property rates		8 425	10 414	23 505	25 245	25 245	25 245	25 245	29 936	34 912	36 500
Service charges		–	–	–	–	–	–	–	–	–	–
Other revenue		5 169	32 704	30 471	26 381	54 966	54 966	54 966	6 546	7 294	7 840
Gov ernment - operating	1	232 147	232 170	228 253	236 226	236 226	236 226	236 226	258 537	271 599	292 539
Gov ernment - capital	1	–	75 450	94 210	76 196	82 196	82 196	82 196	66 000	62 122	65 569
Interest		8 119	32 200	10 225	12 259	9 028	9 028	9 028	10 235	10 746	9 723
Div idends		–	–	–	–	–	–	–	–	–	–
<b>Payments</b>											
Suppliers and employees		(142 647)	(208 296)	(221 951)	(219 268)	(275 883)	(275 883)	(275 883)	(251 376)	(247 358)	(247 089)
Finance charges		–	–	–	–	–	–	–	–	–	–
Transfers and Grants	1	–	–	–	–	–	–	–	–	–	–
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>111 214</b>	<b>174 642</b>	<b>164 713</b>	<b>157 039</b>	<b>131 778</b>	<b>131 778</b>	<b>131 778</b>	<b>119 878</b>	<b>139 315</b>	<b>165 082</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>											
<b>Receipts</b>											
Proceeds on disposal of PPE		7	–	–	–	–	–	–	–	–	–
<b>Payments</b>											
Capital assets		(128 805)	(171 040)	(168 071)	(144 962)	(149 320)	(149 320)	(149 320)	(121 337)	(108 000)	(143 270)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(128 798)</b>	<b>(171 040)</b>	<b>(168 071)</b>	<b>(144 962)</b>	<b>(149 320)</b>	<b>(149 320)</b>	<b>(149 320)</b>	<b>(121 337)</b>	<b>(108 000)</b>	<b>(143 270)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>											
<b>Receipts</b>											
Short term loans									–	–	–
Borrow ing long term/refinancing									–	–	–
Increase (decrease) in consumer deposits									–	–	–
<b>Payments</b>											
Repay ment of borrow ing									–	–	–
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>(17 585)</b>	<b>3 602</b>	<b>(3 358)</b>	<b>12 078</b>	<b>(17 542)</b>	<b>(17 542)</b>	<b>(17 542)</b>	<b>(1 459)</b>	<b>31 315</b>	<b>21 812</b>
Cash/cash equivalents at the year begin:	2	129 702	112 117	68 696	84 204	84 204	84 204	84 204	66 662	65 203	96 518
Cash/cash equivalents at the year end:	2	112 117	115 720	65 338	96 282	66 662	66 662	66 662	65 203	96 518	118 331

The above table shows a net decrease in cash held for 2016/17 and another net decrease in cash held for the 2018/19 MTREF.

### 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	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Cash and investments available</b>											
Cash/cash equivalents at the year end	1	112 117	115 720	65 338	96 282	66 662	66 662	66 662	65 203	96 518	118 331
Other current investments > 90 days		–	0	–	(22 305)	(0)	(0)	(0)	(0)	–	–
Non current assets - Investments	1	–	–	–	–	–	–	–	–	–	–
<b>Cash and investments available:</b>		<b>112 117</b>	<b>115 720</b>	<b>65 338</b>	<b>73 977</b>	<b>66 662</b>	<b>66 662</b>	<b>66 662</b>	<b>65 203</b>	<b>96 518</b>	<b>118 331</b>
<b>Application of cash and investments</b>											
Unspent conditional transfers		2 717	12 300	–	–	–	–	–	–	–	–
Unspent borrowing		–	–	–	–	–	–	–	–	–	–
Statutory requirements	2										
Other working capital requirements	3	–	–	–	–	–	–	–	–	–	–
Other provisions											
Long term investments committed	4	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5										
<b>Total Application of cash and investments:</b>		<b>2 717</b>	<b>12 300</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Surplus(shortfall)</b>		<b>109 401</b>	<b>103 420</b>	<b>65 338</b>	<b>73 977</b>	<b>66 662</b>	<b>66 662</b>	<b>66 662</b>	<b>65 203</b>	<b>96 518</b>	<b>118 331</b>

From the above table it can be seen that the cash and investments available total is **R 65 million** in the 2018/19 financial year and increases to **R 96.5 million** by 2019/20 and **R 118 million by 2020/21**.

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**

# Makhuduthamaga Local Municipality – LIM473

## 2018/19 Annual Budget and MTREF

LIM473 Makhuduthamaga Supporting Table SA10 Funding measurement												
Description	MFMA section	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Funding measures</b>												
Cash/cash equivalents at the year end - R'000	18(1)b	1	112 117	115 720	65 338	96 282	66 662	66 662	66 662	65 203	96 518	118 331
Cash + investments at the yr end less applications - R'000	18(1)b	2	88 556	124 872	93 289	85 737	93 783	93 783	93 783	78 754	118 289	144 100
Cash year end/monthly employee/supplier payments	18(1)b	3	9,2	7,3	3,8	6,0	3,1	3,1	3,1	3,2	4,7	6,1
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	7 830	37 375	127 691	122 717	77 899	77 899	77 899	104 982	108 212	143 562
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	0,7%	13,0%	(3,5%)	(8,9%)	(6,0%)	(6,0%)	(7,3%)	(6,3%)	(6,1%)
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	25,3%	73,2%	79,4%	77,2%	103,4%	103,4%	103,4%	49,9%	60,9%	64,8%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	93,8%	94,2%	82,9%	72,2%	74,3%	74,3%	74,3%	78,8%	93,9%	56,3%
Capital payments % of capital expenditure	18(1)c;19	8	101,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%
Borrowing receipts % of capital expenditure (ex cl. transfers)	18(1)c	9	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								100,0%	100,0%	100,0%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	4,0%	70,2%	7,4%	0,0%	0,0%	0,0%	6,7%	6,6%	5,5%
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	10,4%	16,7%	10,0%	4,4%	8,2%	8,2%	4,9%	6,6%	8,1%	6,7%
Asset renewal % of capital budget	20(1)(vi)	14	5,3%	0,0%	11,0%	0,0%	0,0%	0,0%	0,0%	2,2%	2,4%	1,4%
<b>Supporting indicators</b>												
% incr <i>total service charges (incl prop rates)</i>	18(1)a			6,7%	19,0%	2,5%	(2,9%)	0,0%	0,0%	(1,3%)	(0,3%)	(0,1%)
% incr Property Tax	18(1)a			6,7%	19,0%	2,5%	(2,9%)	0,0%	0,0%	(1,3%)	(0,3%)	(0,1%)
% incr Service charges - electricity revenue	18(1)a			0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
% incr Service charges - water revenue	18(1)a			0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
% incr Service charges - sanitation revenue	18(1)a			0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
% incr Service charges - refuse revenue	18(1)a			0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
% incr in Service charges - other	18(1)a			0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Total billable revenue	18(1)a		29 841	31 834	37 894	38 841	37 728	37 728	37 728	37 237	37 124	37 086
Service charges			29 841	31 834	37 894	38 841	37 728	37 728	37 728	37 237	37 124	37 086
Property rates			29 841	31 834	37 894	38 841	37 728	37 728	37 728	37 237	37 124	37 086
Service charges - other			–	–	–	–	–	–	–	–	–	–
Rental of facilities and equipment			106	115	121	121	121	121	121	130	141	155
Cash receipts from ratepayers	18(1)a		13 594	43 118	53 976	51 626	80 211	80 211	80 211	36 482	42 206	44 340
Ratepayer & Other revenue	18(1)a		53 739	58 915	68 009	66 852	77 599	77 599	77 599	73 126	69 360	68 401
Change in consumer debtors (current and non-current)			7 881	1 242	22 561	4 048	4 048	4 048	4 048	3 937	4 138	3 676
Operating and Capital Grant Revenue	18(1)a		237 137	307 620	322 463	312 422	318 422	318 422	318 422	324 537	333 721	358 108
Capital expenditure - total	20(1)(vi)		127 500	171 040	168 071	144 962	149 320	149 320	149 320	121 337	108 000	143 270
Capital expenditure - renewal	20(1)(vi)		6 700	–	18 421	–	–	–		2 616	2 609	2 000
<b>Supporting benchmarks</b>												
Growth guideline maximum			6,0%	6,0%	6,0%	6,0%	6,0%	6,0%	6,0%	6,0%	6,0%	6,0%
CPI guideline			4,3%	3,9%	4,6%	5,0%	5,0%	5,0%	5,0%	5,4%	5,6%	5,4%
DoRA operating grants total MFY										246 525	265 199	286 139
DoRA capital grants total MFY										78 012	68 522	71 969
Total gazetted/adv ised national, provincial and district grants										324 537	333 721	358 108
Average annual collection rate (arrears inclusive)												

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<b>DoRA operating</b>												
Equitable Share										241 518	261 729	282 569
Finance Management Grant										1 770	1 770	1 770
EPWP										1 537	–	–
Municipal Systems Improvement Grant										1 700	1 700	1 800
										<b>246 525</b>	<b>265 199</b>	<b>286 139</b>
<b>DoRA capital</b>												
Municipal Infrastructure Grant										66 000	62 122	65 569
Integrated National Energy Grant										12 012	6 400	6 400
										<b>78 012</b>	<b>68 522</b>	<b>71 969</b>
<b>Trend</b>												
Change in consumer debtors (current and non-current)			7 881	1 242	22 561	4 048	3 937	4 138	3 676	–	–	–
<b>Total Operating Revenue</b>			244 261	302 787	306 487	315 338	322 853	322 853	322 853	341 898	351 705	370 663
<b>Total Operating Expenditure</b>			291 166	340 862	273 006	268 817	327 150	327 150	327 150	302 916	305 615	292 670
<b>Operating Performance Surplus/(Deficit)</b>			(46 905)	(38 075)	33 481	46 521	(4 297)	(4 297)	(4 297)	38 982	46 090	77 993
<b>Cash and Cash Equivalents (30 June 2012)</b>										65 203		
<b>Revenue</b>												
% Increase in Total Operating Revenue				24,0%	1,2%	2,9%	2,4%	0,0%	0,0%	5,9%	2,9%	5,4%
% Increase in Property Rates Revenue				6,7%	19,0%	2,5%	(2,9%)	0,0%	0,0%	(1,3%)	(0,3%)	(0,1%)
% 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				6,7%	19,0%	2,5%	(2,9%)	0,0%	0,0%	(1,3%)	(0,3%)	(0,1%)
<b>Expenditure</b>												
% Increase in Total Operating Expenditure				17,1%	(19,9%)	(1,5%)	21,7%	0,0%	0,0%	(7,4%)	0,9%	(4,2%)
% Increase in Employee Costs				17,6%	23,1%	15,4%	(4,4%)	0,0%	0,0%	15,7%	6,4%	6,7%
% 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)					470987,0637	0				0		
Average Cost Per Councillor (Remuneration)					335360,371	0				0		
R&M % of PPE			10,4%	16,7%	10,0%	4,4%	8,2%	8,2%		6,6%	8,1%	6,7%
Asset Renewal and R&M as a % of PPE			13,0%	17,0%	14,0%	4,0%	8,0%	8,0%		9,0%	10,0%	8,0%
Debt Impairment % of Total Billable Revenue			93,8%	94,2%	82,9%	72,2%	74,3%	74,3%	74,3%	78,8%	93,9%	56,3%
<b>Capital Revenue</b>												
Internally Funded & Other (R'000)			–	–	–	–	–	–	–	–	–	–
Borrowing (R'000)			–	–	–	–	–	–	–	–	–	–
Grant Funding and Other (R'000)			127 500	171 040	168 071	144 962	149 320	149 320	149 320	121 337	108 000	143 270
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%
<b>Capital Expenditure</b>												
Total Capital Programme (R'000)			127 500	171 040	168 071	144 962	149 320	149 320	149 320	121 337	108 000	143 270
Asset Renewal			6 700	–	18 421	–	–	–	–	2 616	2 609	2 000
Asset Renewal % of Total Capital Expenditure			5,3%	0,0%	11,0%	0,0%	0,0%	0,0%	0,0%	2,2%	2,4%	1,4%
<b>Cash</b>												
Cash Receipts % of Rate Payer & Other			25,3%	73,2%	79,4%	77,2%	103,4%	103,4%	103,4%	49,9%	60,9%	64,8%
Cash Coverage Ratio			0	0	0	0	0	0	0	0	0	0
<b>Borrowing</b>												
Credit Rating (2009/10)										0		
Capital Charges to Operating			0,0%	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%
<b>Reserves</b>												
Surplus/(Deficit)			88 556	124 872	93 289	85 737	93 783	93 783	93 783	78 754	118 289	144 100
<b>Free Services</b>												
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)			1,0%	0,9%	0,8%	0,8%	0,7%	0,7%		0,7%	0,8%	0,8%
<b>High Level Outcome of Funding Compliance</b>												
Total Operating Revenue			244 261	302 787	306 487	315 338	322 853	322 853	322 853	341 898	351 705	370 663
Total Operating Expenditure			291 166	340 862	273 006	268 817	327 150	327 150	327 150	302 916	305 615	292 670
Surplus/(Deficit) Budgeted Operating Statement			(46 905)	(38 075)	33 481	46 521	(4 297)	(4 297)	(4 297)	38 982	46 090	77 993
Surplus/(Deficit) Considering Reserves and Cash Backing			88 556	124 872	93 289	85 737	93 783	93 783	93 783	78 754	118 289	144 100
<b>MTREF Funded (1) / Unfunded (0)</b>		15	1	1	1	1	1	1	1	1	1	1
<b>MTREF Funded ✓ / Unfunded ✖</b>		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	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>RECEIPTS:</b>	1, 2									
<b>Operating Transfers and Grants</b>										
<b>National Government:</b>		182 401	232 170	235 253	249 226	249 226	249 226	258 537	271 599	292 539
Local Government Equitable Share		178 834	228 571	225 123	233 368	233 368	233 368	241 518	261 729	282 569
Finance Management		1 600	1 600	1 625	1 700	1 700	1 700	1 770	1 770	1 770
Municipal Systems Improvement		934	930	–	–	–	–	1 700	1 700	1 800
EPWP Incentive		1 033	1 069	1 505	1 158	1 158	1 158	1 537	–	–
Integrated National Electrification Programme		–	–	7 000	13 000	13 000	13 000	12 012	6 400	6 400
<b>Total Operating Transfers and Grants</b>	5	182 401	232 170	235 253	249 226	249 226	249 226	258 537	271 599	292 539
<b>Capital Transfers and Grants</b>										
<b>National Government:</b>		54 735	74 950	87 210	63 196	69 196	69 196	66 000	62 122	65 569
Municipal Infrastructure Grant (MIG)		54 735	74 950	87 210	63 196	69 196	69 196	66 000	62 122	65 569
<b>Total Capital Transfers and Grants</b>	5	54 735	74 950	87 210	63 196	69 196	69 196	66 000	62 122	65 569
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>		237 137	307 120	322 463	312 422	318 422	318 422	324 537	333 721	358 108

Table 31 MBRR SA19 - Expenditure on Transfers &amp; Grants

LIM473 Makhuduthamaga - Supporting Table SA19 Expenditure on transfers and grant programme										
Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
EXPENDITURE:	1									
<u>Operating expenditure of Transfers and Grants</u>										
National Government:		182 401	232 170	235 253	236 226	236 226	236 226	258 537	271 599	292 539
Local Government Equitable Share		178 834	228 571	225 123	233 368	233 368	233 368	241 518	261 729	282 569
Finance Management		1 600	1 600	1 625	1 700	1 700	1 700	1 770	1 770	1 770
Municipal Systems Improvement		934	930	–	–	–	–	1 700	1 700	1 800
EPWP Incentiv e		1 033	1 069	1 505	1 158	1 158	1 158	1 537	–	–
Integrated National Electrification Programme		–	–	7 000	–	–	–	12 012	6 400	6 400
Total operating expenditure of Transfers and Grants:		182 401	232 170	235 253	236 226	236 226	236 226	258 537	271 599	292 539
<u>Capital expenditure of Transfers and Grants</u>										
National Government:		54 735	74 950	87 210	63 196	69 196	69 196	66 000	62 122	65 569
Municipal Infrastructure Grant (MIG)		54 735	74 950	87 210	63 196	69 196	69 196	66 000	62 122	65 569
Total capital expenditure of Transfers and Grants		54 735	74 950	87 210	63 196	69 196	69 196	66 000	62 122	65 569
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		237 137	307 120	322 463	299 422	305 422	305 422	324 537	333 721	358 108

**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	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Operating transfers and grants:</b>	1,3									
<b>National Government:</b>										
Balance unspent at beginning of the year		7 792	–	–	–	–	–	–	–	–
Current year receipts		174 609	232 170	228 253	236 226	236 226	236 226	241 518	261 729	282 569
Conditions met - transferred to revenue		182 401	232 170	228 253	236 226	236 226	236 226	241 518	261 729	282 569
<b>Total operating transfers and grants revenue</b>		<b>182 401</b>	<b>232 170</b>	<b>228 253</b>	<b>236 226</b>	<b>236 226</b>	<b>236 226</b>	<b>241 518</b>	<b>261 729</b>	<b>282 569</b>
<b>Total operating transfers and grants - CTBM</b>	2	–	–	–	–	–	–	–	–	–
<b>Capital transfers and grants:</b>	1,3									
<b>National Government:</b>										
Balance unspent at beginning of the year		–	–	–	17 000	6 009	6 009	6 111	–	–
Current year receipts		57 452	74 950	94 210	63 196	69 196	69 196	66 000	62 122	65 569
Conditions met - transferred to revenue		57 452	74 950	94 210	80 196	75 205	75 205	72 111	62 122	65 569
<b>Total capital transfers and grants revenue</b>		<b>57 452</b>	<b>74 950</b>	<b>94 210</b>	<b>80 196</b>	<b>75 205</b>	<b>75 205</b>	<b>72 111</b>	<b>62 122</b>	<b>65 569</b>
<b>Total capital transfers and grants - CTBM</b>	2	–	–	–	–	–	–	–	–	–
<b>TOTAL TRANSFERS AND GRANTS REVENUE</b>		<b>239 853</b>	<b>307 120</b>	<b>322 463</b>	<b>316 422</b>	<b>311 431</b>	<b>311 431</b>	<b>313 629</b>	<b>323 851</b>	<b>348 138</b>
<b>TOTAL TRANSFERS AND GRANTS - CTBM</b>		–	–	–	–	–	–	–	–	–

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

### 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	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
	1	A	B	C	D	E	F	G	H	I
<b>Councillors (Political Office Bearers plus Other)</b>										
Basic Salaries and Wages		12 425	11 464	11 490	12 180	12 180	12 180	13 961	14 938	15 984
Pension and UIF Contributions		1 220	2 468	2 873	3 045	3 045	3 045	2 847	3 046	3 259
Medical Aid Contributions										
Motor Vehicle Allowance		2 623	4 317	4 788	5 075	5 075	5 075	5 092	9 198	5 829
Cellphone Allowance		1 021	1 660	1 400	1 484	1 484	1 484	2 660	2 846	3 046
Housing Allowances										
Other benefits and allowances		240		242	256	256	256	349	374	400
<b>Sub Total - Councillors</b>		<b>17 529</b>	<b>19 909</b>	<b>20 792</b>	<b>22 040</b>	<b>22 040</b>	<b>22 040</b>	<b>24 909</b>	<b>30 402</b>	<b>28 518</b>
% increase	4		13,6%	4,4%	6,0%			13,0%	22,1%	(6,2%)
<b>Senior Managers of the Municipality</b>										
Basic Salaries and Wages	2	2 354	2 235	3 170	4 230	2 540	2 540	4 407	4 702	5 013
Pension and UIF Contributions		120	401	146	154	262	262	164	175	187
Medical Aid Contributions		181	173	233	305	241	241	307	327	349
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3	434	889	831	1 211	1 211	1 211	1 264	1 349	1 438
Cellphone Allowance	3	55	91	114	170	170	170	181	193	206
Housing Allowances	3	225	126	359	508	508	508	522	557	594
Other benefits and allowances	3	354	56	80	74	59	59	75	80	85
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
<b>Sub Total - Senior Managers of Municipality</b>		<b>3 722</b>	<b>3 970</b>	<b>4 932</b>	<b>6 651</b>	<b>4 991</b>	<b>4 991</b>	<b>6 920</b>	<b>7 384</b>	<b>7 871</b>
% increase	4		6,7%	24,2%	34,9%	(25,0%)		38,6%	6,7%	6,6%
<b>Other Municipal Staff</b>										
Basic Salaries and Wages		23 260	26 886	29 337	33 309	32 105	32 105	40 405	43 112	45 958
Pension and UIF Contributions		5 310	5 814	6 487	7 646	7 899	7 899	8 456	9 023	9 618
Medical Aid Contributions		2 397	2 294	5 341	6 154	6 173	6 173	5 776	6 163	6 570
Overtime		256	268	2 268	1 788	1 984	1 984	1 175	1 254	1 337
Performance Bonus										
Motor Vehicle Allowance	3	6 071	6 751	7 686	8 738	8 315	8 315	9 182	9 797	10 443
Cellphone Allowance	3	1 008	1 128	1 240	1 377	1 308	1 308	1 335	1 424	1 518
Housing Allowances	3	1 865	1 693	2 697	3 321	3 067	3 067	3 697	3 944	4 205
Other benefits and allowances	3	2 970	2 433	3 124	3 832	3 794	3 794	4 563	4 868	5 190
Payments in lieu of leave			2 768							
Long service awards			1 250							
Post-retirement benefit obligations	6									
<b>Sub Total - Other Municipal Staff</b>		<b>43 137</b>	<b>51 285</b>	<b>58 179</b>	<b>66 164</b>	<b>64 644</b>	<b>64 644</b>	<b>74 589</b>	<b>79 586</b>	<b>84 839</b>
% increase	4		18,9%	13,4%	13,7%	(2,3%)		15,4%	6,7%	6,6%
<b>Total Parent Municipality</b>		<b>64 388</b>	<b>75 165</b>	<b>83 904</b>	<b>94 855</b>	<b>91 675</b>	<b>91 675</b>	<b>106 418</b>	<b>117 372</b>	<b>121 228</b>
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>		<b>64 388</b>	<b>75 165</b>	<b>83 904</b>	<b>94 855</b>	<b>91 675</b>	<b>91 675</b>	<b>106 418</b>	<b>117 372</b>	<b>121 228</b>
% increase	4		16,7%	11,6%	13,1%	(3,4%)		16,1%	10,3%	3,3%
<b>TOTAL MANAGERS AND STAFF</b>	5,7	<b>46 859</b>	<b>55 255</b>	<b>63 112</b>	<b>72 815</b>	<b>69 635</b>	<b>69 635</b>	<b>81 508</b>	<b>86 969</b>	<b>92 709</b>

## 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
Rand per annum				1.				2.
<b>Councillors</b>	3							
Speaker	4		434 330	246 972	51 261			732 563
Chief Whip			407 185	71 856	210 456			689 497
Executive Mayor			542 912	308 715	52 059			903 685
Deputy Executive Mayor								–
Executive Committee								–
Total for all other councillors								–
<b>Total Councillors</b>	8	–	<b>1 384 427</b>	<b>627 543</b>	<b>313 775</b>			<b>2 325 746</b>
<b>Senior Managers of the Municipality</b>	5							
Municipal Manager (MM)			1 151 561	326 128	18 576			1 496 265
Chief Finance Officer			460 983	71 549	244 795			777 328
Senior Manager: Corporate Services			709 472	7 532	459 746			1 176 750
Senior Manager: Infrastructure Development			666 153	126 080	324 476			1 116 709
Senior Manager: Economic Development & Planning			709 472	7 532	459 746			1 176 750
Senior Manager: Community Services			709 472	7 532	459 746			1 176 750
<b>TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION</b>	10	–	<b>5 791 542</b>	<b>1 173 896</b>	<b>2 280 861</b>	–		<b>9 246 298</b>



### **3. SA24 Indicates the Personnel Numbers**



LIM473 Makhuduthamaga - Supporting Table SA24 Summary of personnel numbers										
Summary of Personnel Numbers	Ref	2015/16			Current Year 2016/17			Budget Year 2017/18		
Number	1,2	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
<b>Municipal Council and Boards of Municipal Entities</b>										
Councillors (Political Office Bearers plus Other Councillors)		60	–	60	62	–	62	62	–	62
Board Members of municipal entities	4									
<b>Municipal employees</b>	5									
Municipal Manager and Senior Managers	3	6	–	6	6	–	6	6	–	6
Other Managers	7	–	–	–	–	–	–	–	–	–
Professionals		97	85	10	97	85	10	97	85	10
<i>Finance</i>		50	41	8	50	41	8	50	41	8
<i>Spatial/town planning</i>		9	8	–	9	8	–	9	8	–
<i>Information Technology</i>		2	2	–	2	2	–	2	2	–
<i>Roads</i>		6	4	2	6	4	2	6	4	2
<i>Electricity</i>		1	1	–	1	1	–	1	1	–
<i>Water</i>										
<i>Sanitation</i>										
<i>Refuse</i>										
<i>Other</i>		29	29	–	29	29	–	29	29	–
Technicians		–	–	–	–	–	–	–	–	–
<i>Finance</i>										
<i>Spatial/town planning</i>										
<i>Information Technology</i>										
<i>Roads</i>										
<i>Electricity</i>										
<i>Water</i>										
<i>Sanitation</i>										
<i>Refuse</i>										
<i>Other</i>										
Clerks (Clerical and administrative)		29	25	4	29	25	4	29	25	4
Service and sales workers										
Skilled agricultural and fishery workers										
Craft and related trades										
Plant and Machine Operators		6	6	–	6	6	–	6	6	–
Elementary Occupations										
<b>TOTAL PERSONNEL NUMBERS</b>	9	198	116	80	200	116	82	200	116	82
<b>% increase</b>					1,0%	–	2,5%	–	–	–
<b>Total municipal employees headcount</b>	6, 10	138	116	1	138	118	20	146	128	18
Finance personnel headcount	8, 10	51	42	8	51	42	8	51	42	8
Human Resources personnel headcount	8, 10	21	20	1	21	20	1	21	20	1

### 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																
Description	Ref	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Revenue By Source</b>																
Property rates		3 103	3 103	3 103	3 103	3 103	3 103	3 103	3 103	3 103	3 103	3 103	3 103	37 237	37 124	37 086
Service charges - other		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Rental of facilities and equipment		9	12	9	9	9	9	9	9	9	28	9	9	130	141	155
Interest earned - external investments		703	784	1 341	798	720	950	798	577	313	1 642	939	670	10 235	10 746	9 723
Interest earned - outstanding debtors		2 470	2 552	2 024	2 138	2 052	2 258	2 595	2 681	2 814	2 866	2 825	2 067	29 343	24 941	23 474
Fines, penalties and forfeits		29	28	4	5	9	48	4	3	13	2	2	3	150	180	200
Agency services		589	504	506	542	473	451	522	309	526	450	342	370	5 584	6 254	6 754
Transfers and subsidies		104 882	615	–	3 964	507	82 944	–	415	65 210	–	–	–	258 537	271 599	292 539
Other revenue		211	56	41	14	26	14	18	10	242	16	19	16	682	720	731
Gains on disposal of PPE		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)		111 996	7 655	7 028	10 573	6 900	89 777	7 049	7 106	72 230	8 107	7 239	6 238	341 898	351 705	370 663
<b>Expenditure By Type</b>																
Employee related costs		6 573	6 976	6 759	6 971	7 355	6 535	6 604	6 725	6 737	6 524	6 952	5 842	80 553	85 733	91 516
Remuneration of councillors		2 076	2 076	2 076	2 076	2 076	2 076	2 076	2 076	2 076	2 076	2 076	2 076	24 909	26 503	28 226
Debt impairment		–	–	–	–	–	–	–	–	–	–	–	29 343	29 343	34 860	20 897
Depreciation & asset impairment		1 120	1 130	1 140	1 150	1 450	1 450	1 650	1 650	2 850	2 850	2 880	2 880	22 198	23 397	24 683
Contracted services		8 687	4 841	8 899	6 419	9 046	6 733	7 338	7 308	8 022	5 431	7 375	4 211	84 310	75 439	70 435
Other expenditure		5 301	4 683	5 078	8 459	4 287	5 579	5 151	7 466	3 303	5 464	4 022	2 812	61 604	59 683	56 912
Loss on disposal of PPE													–	–	–	–
Total Expenditure		23 757	19 706	23 951	25 074	24 214	22 372	22 818	25 225	22 988	22 344	23 305	47 163	302 916	305 615	292 670
Surplus/(Deficit)		88 239	(12 051)	(16 923)	(14 502)	(17 314)	67 405	(15 769)	(18 120)	49 242	(14 237)	(16 066)	(40 924)	38 982	46 090	77 993
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		26 400	–	–	–	–	21 780	–	–	17 820	–	–	–	66 000	62 122	65 569
Transfers and subsidies - capital (in-kind - all)		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions		114 639	(12 051)	(16 923)	(14 502)	(17 314)	89 185	(15 769)	(18 120)	67 062	(14 237)	(16 066)	(40 924)	104 982	108 212	143 562
Surplus/(Deficit)	1	114 639	(12 051)	(16 923)	(14 502)	(17 314)	89 185	(15 769)	(18 120)	67 062	(14 237)	(16 066)	(40 924)	104 982	108 212	143 562

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

LIM473 Makhuduthamaga - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)																
Description	Ref	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Revenue by Vote</b>																
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		138 396	7 655	7 028	10 573	6 900	111 557	7 049	7 106	90 050	8 107	7 239	6 238	407 898	413 827	436 232
<b>Total Revenue by Vote</b>		<b>138 396</b>	<b>7 655</b>	<b>7 028</b>	<b>10 573</b>	<b>6 900</b>	<b>111 557</b>	<b>7 049</b>	<b>7 106</b>	<b>90 050</b>	<b>8 107</b>	<b>7 239</b>	<b>6 238</b>	<b>407 898</b>	<b>413 827</b>	<b>436 232</b>
<b>Expenditure by Vote to be appropriated</b>																
Vote 1 - Executive Support		5 044	3 694	4 299	7 134	4 661	3 475	4 445	7 583	3 797	5 220	5 194	3 544	58 089	60 732	55 415
Vote 2 - Office of the Municipal Manager		880	1 372	1 122	1 469	943	1 345	846	859	1 437	804	1 505	993	13 575	14 632	15 400
Vote 3 - Economic Development and Planning		441	386	986	1 980	1 477	1 463	1 494	936	1 396	1 176	386	436	12 558	11 426	11 320
Vote 4 - Infrastructure Development		2 869	933	3 515	1 791	4 353	1 221	3 181	1 973	2 363	1 441	3 853	933	28 427	36 717	37 939
Vote 5 - Community Services		5 318	4 087	4 561	3 922	4 923	3 722	4 105	3 623	4 524	3 994	3 838	3 775	50 394	35 753	35 352
Vote 6 - Corporate Services		3 207	4 158	2 671	2 252	2 170	2 869	2 609	4 033	2 293	2 116	1 757	1 771	31 907	27 175	27 460
Vote 7 - Budget and Treasury		5 997	5 075	6 796	6 526	5 686	8 278	6 138	6 218	7 178	7 593	6 771	35 709	107 965	119 179	109 784
<b>Total Expenditure by Vote</b>		<b>23 757</b>	<b>19 706</b>	<b>23 951</b>	<b>25 074</b>	<b>24 214</b>	<b>22 372</b>	<b>22 818</b>	<b>25 225</b>	<b>22 988</b>	<b>22 344</b>	<b>23 305</b>	<b>47 163</b>	<b>302 916</b>	<b>305 615</b>	<b>292 670</b>
<b>Surplus/(Deficit) before assoc.</b>		<b>114 639</b>	<b>(12 051)</b>	<b>(16 923)</b>	<b>(14 502)</b>	<b>(17 314)</b>	<b>89 185</b>	<b>(15 769)</b>	<b>(18 120)</b>	<b>67 062</b>	<b>(14 237)</b>	<b>(16 066)</b>	<b>(40 924)</b>	<b>104 982</b>	<b>108 212</b>	<b>143 562</b>
<b>Surplus/(Deficit)</b>	1	<b>114 639</b>	<b>(12 051)</b>	<b>(16 923)</b>	<b>(14 502)</b>	<b>(17 314)</b>	<b>89 185</b>	<b>(15 769)</b>	<b>(18 120)</b>	<b>67 062</b>	<b>(14 237)</b>	<b>(16 066)</b>	<b>(40 924)</b>	<b>104 982</b>	<b>108 212</b>	<b>143 562</b>

**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 2018/19												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Revenue - Functional</b>																
<i>Governance and administration</i>		138 396	7 655	7 028	10 573	6 900	111 557	7 049	7 106	90 050	8 107	7 239	6 238	407 898	413 827	436 232
Finance and administration		138 396	7 655	7 028	10 573	6 900	111 557	7 049	7 106	90 050	8 107	7 239	6 238	407 898	413 827	436 232
<b>Total Revenue - Functional</b>		138 396	7 655	7 028	10 573	6 900	111 557	7 049	7 106	90 050	8 107	7 239	6 238	407 898	413 827	436 232
			7 655	7 028	10 573	6 900	111 557	7 049	7 106	90 050	8 107	7 239				
<b>Expenditure - Functional</b>																
<i>Governance and administration</i>		15 128	14 300	14 889	17 381	13 460	15 967	14 038	18 693	14 704	15 732	12 846	44 399	211 537	221 718	208 059
Executive and council		5 924	4 616	5 421	8 003	5 604	4 279	5 291	8 442	4 763	6 024	6 151	4 537	69 056	73 190	68 615
Finance and administration		9 204	9 233	9 468	8 778	7 856	11 146	8 747	10 251	9 471	9 709	6 148	39 862	139 873	146 354	137 243
Internal audit		–	450	–	600	–	541	–	–	470	–	548	–	2 609	2 174	2 200
<i>Community and public safety</i>		4 500	2 801	3 345	3 490	3 902	2 807	2 945	2 970	3 412	3 130	5 400	(12 364)	26 339	30 675	31 318
Community and social services		3 098	1 867	2 341	1 702	1 703	1 502	1 885	1 403	2 304	1 774	3 838	(13 462)	9 953	10 004	8 840
Sport and recreation		–	–	–	–	1 000	–	–	–	–	–	–	–	1 000	1 000	1 450
Public safety		935	935	1 005	1 039	1 199	1 066	1 060	967	1 108	956	1 020	1 098	12 385	13 172	14 028
Housing		468	–	–	750	–	240	–	600	–	400	542	–	3 000	6 500	7 000
<i>Economic and environmental services</i>		3 323	1 959	4 844	3 557	5 936	2 952	5 190	2 477	4 351	2 837	3 953	14 232	55 611	43 253	41 877
Planning and development		441	386	986	1 980	1 477	1 463	1 494	936	1 396	1 176	386	3 035	15 157	14 186	14 257
Road transport		918	390	1 770	386	2 495	474	1 733	422	866	303	1 603	5 281	16 642	20 939	20 260
Environmental protection		1 964	1 183	2 089	1 191	1 964	1 016	1 964	1 119	2 089	1 357	1 964	5 916	23 813	8 128	7 360
<i>Trading services</i>		806	646	873	646	916	646	646	1 086	521	646	1 105	896	9 429	9 968	11 416
Energy sources		549	389	741	389	659	389	389	829	389	389	688	389	6 187	6 518	7 742
Waste management		257	257	132	257	257	257	257	257	132	257	418	507	3 242	3 450	3 674
<b>Total Expenditure - Functional</b>		23 757	19 706	23 951	25 074	24 214	22 372	22 818	25 225	22 988	22 344	23 305	47 163	302 916	305 615	292 670
<b>Surplus/(Deficit) before assoc.</b>		114 639	(12 051)	(16 923)	(14 502)	(17 314)	89 185	(15 769)	(18 120)	67 062	(14 237)	(16 066)	(40 924)	104 982	108 212	143 562
<b>Surplus/(Deficit)</b>	1	114 639	(12 051)	(16 923)	(14 502)	(17 314)	89 185	(15 769)	(18 120)	67 062	(14 237)	(16 066)	(40 924)	104 982	108 212	143 562

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

LIM473 Makhuduthamaga - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)														Medium Term Revenue and Expenditure Framework		
Description	Ref	Budget Year 2018/19												Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June			
<b>Multi-year expenditure to be appropriated</b>	1															
Vote 1 - Executive Support													-	-	-	-
Vote 2 - Office of the Municipal Manager													-	-	-	-
Vote 3 - Economic Development and Planning													-	-	-	-
Vote 4 - Infrastructure Development		7 308	4 005	8 288	5 106	9 510	11 368	10 941	10 172	13 349	9 943	3 567	8 118	101 675	96 957	135 304
Vote 5 - Community Services													-	-	-	-
Vote 6 - Corporate Services													-	-	-	-
Vote 7 - Budget and Treasury													-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	2	7 308	4 005	8 288	5 106	9 510	11 368	10 941	10 172	13 349	9 943	3 567	8 118	101 675	96 957	135 304
<b>Single-year expenditure to be appropriated</b>																
Vote 1 - Executive Support													-	-	-	-
Vote 2 - Office of the Municipal Manager													-	-	-	-
Vote 3 - Economic Development and Planning													-	-	-	-
Vote 4 - Infrastructure Development		-	-	-	4 010	-	-	-	2 980	-	3 455	-	-	10 445	5 565	5 565
Vote 5 - Community Services		-	6 174	-	-	-	-	-	-	-	-	-	-	6 174	2 435	-
Vote 6 - Corporate Services		-	-	1 739	-	-	-	-	-	-	-	-	-	1 739	2 174	2 400
Vote 7 - Budget and Treasury		-	-	-	-	1 304	-	-	-	-	-	-	-	1 304	870	-
<b>Capital single-year expenditure sub-total</b>	2	-	6 174	1 739	4 010	1 304	-	-	2 980	-	3 455	-	-	19 663	11 043	7 965
<b>Total Capital Expenditure</b>	2	7 308	10 179	10 027	9 116	10 814	11 368	10 941	13 152	13 349	13 398	3 567	8 118	121 337	108 000	143 270

**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 2018/19												Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June			
<b>Capital Expenditure - Functional</b>	1															
<b>Governance and administration</b>		–	–	1 739	–	1 304	–	–	–	–	–	–	–	3 043	3 043	2 400
Executive and council														–	–	–
Finance and administration		–	–	1 739	–	1 304	–	–	–	–	–	–	–	3 043	3 043	2 400
Internal audit														–	–	–
<b>Economic and environmental services</b>		7 308	4 005	8 288	5 106	9 510	11 368	10 941	10 172	13 349	9 943	3 567	8 118	101 675	96 957	135 304
Planning and development														–	–	–
Road transport		7 308	4 005	8 288	5 106	9 510	11 368	10 941	10 172	13 349	9 943	3 567	8 118	101 675	96 957	135 304
<b>Trading services</b>		–	6 174	–	4 010	–	–	–	2 980	–	3 455	–	–	16 619	8 000	5 565
Energy sources		–	–	–	4 010	–	–	–	2 980	–	3 455	–	–	10 445	5 565	5 565
Waste management		–	6 174	–	–	–	–	–	–	–	–	–	–	6 174	2 435	–
<b>Other</b>														–	–	–
<b>Total Capital Expenditure - Functional</b>	2	7 308	10 179	10 027	9 116	10 814	11 368	10 941	13 152	13 349	13 398	3 567	8 118	121 337	108 000	143 270
<b>Funded by:</b>																
National Government		7 308	10 179	10 027	9 116	10 814	11 368	10 941	13 152	13 349	13 398	3 567	8 118	121 337	108 000	143 270
Transfers recognised - capital		7 308	10 179	10 027	9 116	10 814	11 368	10 941	13 152	13 349	13 398	3 567	8 118	121 337	108 000	143 270
Public contributions & donations														–	–	–
Borrowing														–	–	–
Internally generated funds														–	–	–
<b>Total Capital Funding</b>		7 308	10 179	10 027	9 116	10 814	11 368	10 941	13 152	13 349	13 398	3 567	8 118	121 337	108 000	143 270

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

LIM473 Makhuduthamaga - Supporting Table SA30 Budgeted monthly cash flow													Medium Term Revenue and Expenditure Framework		
MONTHLY CASH FLOWS	Budget Year 2018/19												Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June			
<b>Cash Receipts By Source</b>													1		
Property rates	2 495	2 495	2 495	2 495	2 495	2 495	2 495	2 495	2 495	2 495	2 495	2 495	29 936	34 912	36 500
Service charges - other													–		
Rental of facilities and equipment	9	12	9	9	9	9	9	9	9	28	9	9	130	141	155
Interest earned - external investments	703	784	1 341	798	720	950	798	577	313	1 642	939	670	10 235	10 746	9 723
Fines, penalties and forfeits	29	28	4	5	9	48	4	3	13	2	2	3	150	180	200
Agency services	589	504	506	542	473	451	522	309	526	450	342	370	5 584	6 254	6 754
Transfer receipts - operational	104 882	615	–	3 964	507	82 944	–	415	65 210	–	–	–	258 537	271 599	292 539
Other revenue	211	56	41	14	26	14	18	10	242	16	19	16	682	720	731
<b>Cash Receipts by Source</b>	<b>108 918</b>	<b>4 494</b>	<b>4 396</b>	<b>7 826</b>	<b>4 239</b>	<b>86 910</b>	<b>3 846</b>	<b>3 817</b>	<b>68 808</b>	<b>4 632</b>	<b>3 805</b>	<b>3 563</b>	<b>305 254</b>	<b>324 552</b>	<b>346 602</b>
<b>Other Cash Flows by Source</b>															
Transfer receipts - capital	26 400	–	–	–	–	21 780	–	–	17 820	–	–	–	66 000	62 122	65 569
<b>Total Cash Receipts by Source</b>	<b>135 318</b>	<b>4 494</b>	<b>4 396</b>	<b>7 826</b>	<b>4 239</b>	<b>108 690</b>	<b>3 846</b>	<b>3 817</b>	<b>86 628</b>	<b>4 632</b>	<b>3 805</b>	<b>3 563</b>	<b>371 254</b>	<b>386 674</b>	<b>412 171</b>
<b>Cash Payments by Type</b>															
Employee related costs	6 573	6 976	6 759	6 971	7 355	6 535	6 604	6 725	6 737	6 524	6 952	5 842	80 553	85 733	91 516
Remuneration of councillors	2 076	2 076	2 076	2 076	2 076	2 076	2 076	2 076	2 076	2 076	2 076	2 076	24 909	26 503	28 226
Contracted services	8 687	4 841	8 899	6 419	9 046	6 733	7 338	7 308	8 022	5 431	7 375	4 211	84 310	75 439	70 435
Other expenditure	5 301	4 683	5 078	8 459	4 287	5 579	5 151	7 466	3 303	5 464	4 022	2 812	61 604	59 683	56 912
<b>Cash Payments by Type</b>	<b>22 637</b>	<b>18 576</b>	<b>22 812</b>	<b>23 925</b>	<b>22 764</b>	<b>20 922</b>	<b>21 168</b>	<b>23 576</b>	<b>20 138</b>	<b>19 494</b>	<b>20 425</b>	<b>14 940</b>	<b>251 376</b>	<b>247 358</b>	<b>247 089</b>
<b>Other Cash Flows/Payments by Type</b>															
Capital assets	7 068	8 684	8 149	7 617	8 522	7 821	9 116	10 973	9 101	12 267	2 542	29 477	121 337	108 000	143 270
<b>Total Cash Payments by Type</b>	<b>29 705</b>	<b>27 260</b>	<b>30 961</b>	<b>31 542</b>	<b>31 286</b>	<b>28 743</b>	<b>30 284</b>	<b>34 548</b>	<b>29 239</b>	<b>31 761</b>	<b>22 967</b>	<b>44 417</b>	<b>372 713</b>	<b>355 358</b>	<b>390 359</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>105 612</b>	<b>(22 766)</b>	<b>(26 565)</b>	<b>(23 716)</b>	<b>(27 047)</b>	<b>79 947</b>	<b>(26 438)</b>	<b>(30 732)</b>	<b>57 389</b>	<b>(27 129)</b>	<b>(19 161)</b>	<b>(40 854)</b>	<b>(1 459)</b>	<b>31 315</b>	<b>21 812</b>
Cash/cash equivalents at the month/year begin:	66 662	172 275	149 509	122 944	99 228	72 181	152 128	125 690	94 958	152 347	125 219	106 057	66 662	65 203	96 518
Cash/cash equivalents at the month/year end:	172 275	149 509	122 944	99 228	72 181	152 128	125 690	94 958	152 347	125 219	106 057	65 203	65 203	96 518	118 331



### **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	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Capital expenditure on new assets by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		109 595	150 590	125 889	131 762	138 820	138 820	106 967	97 130	135 130
Roads Infrastructure		109 595	148 490	116 389	113 462	120 520	120 520	90 348	89 130	129 565
Roads		109 595	148 490	116 389	113 462	120 520	120 520	90 348	89 130	129 565
Electrical Infrastructure		–	2 100	7 000	13 000	13 000	13 000	10 445	5 565	5 565
LV Networks		–	2 100	7 000	13 000	13 000	13 000	10 445	5 565	5 565
Solid Waste Infrastructure		–	–	2 500	5 300	5 300	5 300	6 174	2 435	–
Waste Processing Facilities				2 500	5 300	5 300	5 300	6 174	2 435	–
<b>Community Assets</b>		–	3 700	3 060	3 200	–	–	–	–	–
Community Facilities		–	3 700	3 060	3 200	–	–	–	–	–
Police			–	–	1 200	–	–	–	–	–
Markets			3 700	3 060	2 000	–	–	–	–	–
<b>Other assets</b>		10 167	12 700	17 200	–	–	–	1 304	870	–
Operational Buildings		10 167	12 700	17 200	–	–	–	1 304	870	–
Municipal Offices		10 167	12 700	17 200	–	–	–	1 304	870	–
<b>Computer Equipment</b>		1 037	4 050	3 500	5 000	5 500	5 500	1 739	2 174	2 400
Computer Equipment		1 037	4 050	3 500	5 000	5 500	5 500	1 739	2 174	2 400
<b>Furniture and Office Equipment</b>		–	–	–	–	–	–	–	–	–
Furniture and Office Equipment										
<b>Machinery and Equipment</b>		–	–	–	5 000	5 000	5 000	–	–	–
Machinery and Equipment					5 000	5 000	5 000	–	–	–
<b>Total Capital Expenditure on new assets</b>	1	120 800	171 040	149 649	144 962	149 320	149 320	110 010	100 174	137 530

**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	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Capital expenditure on renewal of existing assets by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		6 700	–	18 421	–	–	–	2 616	2 609	2 000
Roads Infrastructure		6 700	–	18 421	–	–	–	–	–	–
Roads		6 700	–	18 421	–	–	–			
Road Structures										
Road Furniture										
Capital Spares										
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Drainage Collection										
Storm water Conveyance										
Attenuation										
Electrical Infrastructure		–	–	–	–	–	–	–	–	–
Solid Waste Infrastructure		–	–	–	–	–	–	2 616	2 609	2 000
Landfill Sites										
Waste Transfer Stations										
Waste Processing Facilities										
Waste Drop-off Points										
Waste Separation Facilities		–	–	–	–	–	–	2 616	2 609	2 000
Electricity Generation Facilities										
Capital Spares										
<b>Total Capital Expenditure on renewal of existing assets</b>	1	6 700	–	18 421	–	–	–	2 616	2 609	2 000

**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	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Repairs and maintenance expenditure by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		20 734	41 650	39 800	5 500	25 000	25 000	13 500	17 550	17 500
Roads Infrastructure		20 734	37 550	36 100	2 000	22 000	22 000	12 000	16 000	15 000
Roads		20 734	37 550	36 100	2 000	22 000	22 000	12 000	16 000	15 000
Electrical Infrastructure		–	4 100	3 700	3 500	3 000	3 000	1 500	1 550	2 500
LV Networks		–	4 100	3 700	3 500	3 000	3 000	1 500	1 550	2 500
<b>Community Assets</b>		–	–	–	–	2 100	2 100	–	–	–
Community Facilities		–	–	–	–	–	–	–	–	–
Sport and Recreation Facilities		–	–	–	–	2 100	2 100	–	–	–
Outdoor Facilities						2 100	2 100			
<b>Investment properties</b>		–	–	–	–	–	–	–	–	–
<b>Other assets</b>		–	–	–	12 000	6 500	6 500	3 000	6 500	7 000
Operational Buildings		–	–	–	12 000	6 500	6 500	3 000	6 500	7 000
Municipal Offices					12 000	6 500	6 500	3 000	6 500	7 000
<b>Computer Equipment</b>		558	1 027	1 300	2 900	6 000	6 000	6 261	6 087	3 478
Computer Equipment		558	1 027	1 300	2 900	6 000	6 000	6 261	6 087	3 478
<b>Machinery and Equipment</b>		–	13 612	–	–	–	–	–	–	–
Machinery and Equipment		–	13 612	–	–	–	–			
<b>Transport Assets</b>		1 334	2 538	1 100	2 181	2 781	2 781	2 522	2 658	2 804
Transport Assets		1 334	2 538	1 100	2 181	2 781	2 781	2 522	2 658	2 804
<b>Libraries</b>		–	–	–	–	–	–	–	–	–
Libraries										
<b>Zoo's, Marine and Non-biological Animals</b>		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals										
<b>Total Repairs and Maintenance Expenditure</b>	1	22 626	58 828	42 200	22 581	42 381	42 381	25 283	32 795	30 782

**Table 45 MBRR SA34d – Depreciation by Asset class**

LIM473 Makhuduthamaga - Supporting Table SA34d Depreciation by asset class										
Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b><u>Depreciation by Asset Class/Sub-class</u></b>										
<b><u>Infrastructure</u></b>		8 539	10 999	12 536	14 232	13 277	13 277	12 212	12 872	13 580
Roads Infrastructure		8 229	10 638	12 125	13 765	12 877	12 877	11 791	12 427	13 111
Roads		8 229	10 638	12 125	13 765	12 877	12 877	11 791	12 427	13 111
Electrical Infrastructure		310	361	412	467	400	400	421	444	469
LV Networks		310	361	412	467	400	400	421	444	469
<b><u>Community Assets</u></b>		-	-	-	-	71	71	74	78	83
Community Facilities		-	-	-	-	71	71	74	78	83
Markets						71	71	74	78	83
<b><u>Other assets</u></b>		692	684	780	886	1 908	1 908	2 010	2 118	2 235
Operational Buildings		692	684	780	886	1 908	1 908	2 010	2 118	2 235
Municipal Offices		692	684	780	886	1 908	1 908	2 010	2 118	2 235
<b><u>Intangible Assets</u></b>		344	499	569	646	941	941	991	1 045	1 102
Servitudes										
Licences and Rights		344	499	569	646	941	941	991	1 045	1 102
Computer Software and Applications		344	499	569	646	941	941	991	1 045	1 102
<b><u>Computer Equipment</u></b>		1 147	1 321	1 506	1 710	2 462	2 462	2 593	2 733	2 883
Computer Equipment		1 147	1 321	1 506	1 710	2 462	2 462	2 593	2 733	2 883
<b><u>Furniture and Office Equipment</u></b>		526	755	861	977	452	452	476	502	529
Furniture and Office Equipment		526	755	861	977	452	452	476	502	529
<b><u>Machinery and Equipment</u></b>		373	384	438	497	597	597	629	663	699
Machinery and Equipment		373	384	438	497	597	597	629	663	699
<b><u>Transport Assets</u></b>		2 093	1 972	2 247	2 551	3 509	3 509	3 213	3 387	3 573
Transport Assets		2 093	1 972	2 247	2 551	3 509	3 509	3 213	3 387	3 573
<b><u>Libraries</u></b>		-	-	-	-	-	-	-	-	-
Libraries										
<b><u>Zoo's, Marine and Non-biological Animals</u></b>		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals										
<b>Total Depreciation</b>	1	13 715	16 616	18 938	21 500	23 218	23 218	22 198	23 397	24 683

**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	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Capital expenditure on upgrading of existing assets by Asset Class/Sub-class</b>										
<b>Community Assets</b>		-	-	-	-	-	-	8 711	5 217	3 740
Community Facilities		-	-	-	-	-	-	8 711	5 217	3 740
Testing Stations		-	-	-	-	-	-	8 711	5 217	3 740
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Indoor Facilities										
Outdoor Facilities										
Capital Spares										
<b>Total Capital Expenditure on upgrading of existing assets</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8 711</b>	<b>5 217</b>	<b>3 740</b>



**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	2018/19 Medium Term Revenue & Expenditure Framework			Forecasts			
		Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Present value
<b>R thousand</b>								
<b>Capital expenditure</b>	1							
Vote 1 - Executive Support		–	–	–				
Vote 2 - Office of the Municipal Manager		–	–	–				
Vote 3 - Economic Development and Planning		–	–	–				
Vote 4 - Infrastructure Development		112 120	102 522	140 870				
Vote 5 - Community Services		6 174	2 435	–				
Vote 6 - Corporate Services		1 739	2 174	2 400				
Vote 7 - Budget and Treasury		1 304	870	–				
<b>Total Capital Expenditure</b>		<b>121 337</b>	<b>108 000</b>	<b>143 270</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Future operational costs by vote</b>	2							
Vote 1 - Executive Support		58 089	60 732	55 415				
Vote 2 - Office of the Municipal Manager		13 575	14 632	15 400				
Vote 3 - Economic Development and Planning		12 558	11 426	11 320				
Vote 4 - Infrastructure Development		28 427	36 717	37 939				
Vote 5 - Community Services		50 394	35 753	35 352				
Vote 6 - Corporate Services		31 907	27 175	27 460				
Vote 7 - Budget and Treasury		107 965	119 179	109 784				
<b>Total future operational costs</b>		<b>302 916</b>	<b>305 615</b>	<b>292 670</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Future revenue by source</b>	3							
Property rates		37 237	37 124	37 086				
Service charges - electricity revenue		12 012	6 400	6 400				
Service charges - water revenue		–	–	–				
Service charges - sanitation revenue		–	–	–				
Service charges - refuse revenue		–	–	–				
Service charges - other		682	720	731				
Rental of facilities and equipment		130	141	155				
Interest Received		29 343	24 941	23 474				
Traffic Revenue - Fines		150	180	200				
Interest On Investment		10 235	10 746	9 723				
Traffic Licences		5 584	6 254	6 754				
Municipal Systems Improvement Grant		1 700	1 700	1 800				
Grants-Municipal Infrastructure		66 000	62 122	65 569				
Grants-Finance Management Grant		1 770	1 770	1 770				
Grants- EPWP		1 537	–	–				
Grants-Equitable Shares		241 518	261 729	282 569				
VAT Refunds 2017/18		16 470						
<b>Total future revenue</b>		<b>424 368</b>	<b>413 827</b>	<b>436 232</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Net Financial Implications</b>		<b>(114)</b>	<b>(212)</b>	<b>(292)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>



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

LIM473 Makhuduthamaga - Supporting Table SA36 Detailed capital budget								
Municipal Vote/Capital project	Program/Project description	Project number	Prior year outcomes	2018/19 Medium Term Revenue & Expenditure Framework			Project information	
R thousand			Current Year 2017/18 Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	New or renewal	
Parent municipality:								
List all capital projects grouped by Municipal Vote								
Vote 4 - Infrastructure Development	RD Makgwabe_Mphane10km	CAP_001	5 579	21 739	13 478	13 043	New	
Vote 4 - Infrastructure Development	RD Rietfn_Eensa _10.5km	CAP_003	3 134	13 217	–	–	New	
Vote 4 - Infrastructure Development	RD Thaba Cross_Tswaing	CAP_004	21 302	4 348	–	–	New	
Vote 4 - Infrastructure Development	RD Mashab TO_Mphana_10km	CAP_006	–	1 747	7 826	21 739	New	
Vote 4 - Infrastructure Development	Bridge Mohlala_Ngw anants	CAP_008	2 386	7 826	–	–	New	
Vote 4 - Infrastructure Development	Thusong Centre	CAP_009	–	4 348	13 913	21 739	New	
Vote 4 - Infrastructure Development	RD Sekhukhune Traffic St	CAP_013	2 825	5 217	–	–	New	
Vote 4 - Infrastructure Development	Bridge Cabriev e/Khayelic	CAP_017	1 886	11 304	–	–	New	
Vote 4 - Infrastructure Development	RD Lobethal_Tisane	CAP_020	–	443	4 783	4 348	New	
Vote 4 - Infrastructure Development	RD Mokwe_Molap/Ntw _10km	CAP_021	–	443	9 565	21 739	New	
Vote 4 - Infrastructure Development	RD Mochadi	CAP_022	–	443	4 783	–	New	
Vote 4 - Infrastructure Development	Bridge_Seruteng/Marishan	CAP_023	–	443	6 522	–	New	
Vote 4 - Infrastructure Development	RD Maila Mapitsa_Magoleg	CAP_024	–	8 356	4 348	–	New	
Vote 4 - Infrastructure Development	RD Phaahla _1.5km	CAP_026	–	443	3 043	–	New	
Vote 4 - Infrastructure Development	RD Ga-Mampane-Phase 4	CAP_032	–	1 747	6 522	20 000	New	
Vote 4 - Infrastructure Development	Refurb of water & sewage system main office & satellite offices	CAP_033	–	2 617	2 609	2 000	Renew al	
Vote 4 - Infrastructure Development	BLD Upgrade Nebo_DLTC Phase 1	CAP_034	–	4 356	2 609	2 000	New	
Vote 4 - Infrastructure Development	BLD Upgrade Sekhukhune_DLTC Phase 1	CAP_035	–	4 356	2 609	1 739	New	
Vote 4 - Infrastructure Development	RD Glen Cowie_Post Office Phokoane	CAP_036	–	1 747	10 000	8 696	New	
Vote 4 - Infrastructure Development	RD Stocking Internal Streets	CAP_037	–	443	4 348	18 261	New	
Vote 4 - Infrastructure Development	SWC Rietfontein Storm Water Control	CAP_038	–	6 095	–	–	New	
Vote 7 - Budget and Treasuy	Purchases of Office Furniture and Equipment	CAP_039	5 000	1 304	870	–	New	
Vote 6 - Corporate Services	Acquisition of IT Infrastructure Assets	CAP_040	5 500	1 739	2 174	2 400	New	
Vote 4 - Infrastructure Development	Supply of Electricity	CAP_041	13 000	10 445	5 565	5 565	New	
Vote 5 Community Services	Acquisition of Other Assets	CAP_042	5 300	6 174	2 435	–	New	
Parent Capital expenditure				121 337	108 000	143 270		

**Table 47 MBRR SA37 – Projects delayed from previous years**

LIM473 Makhuduthamaga - Supporting Table SA37 Projects delayed from previous financial year/s												
Municipal Vote/Capital project	Ref.	Project name	Project number	Asset Class 3	Asset Sub- Class 3	GPS co- ordinates 4	Previous target year to complete	Current Year 2017/18		2018/19 Medium Term Revenue & Expenditure Framework		
	1,2							Original Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand							Year					
<b>Parent municipality:</b>												
List all capital projects grouped by Municipal Vote				Examples	Examples							
<b>Entities:</b>												
List all capital projects grouped by Municipal Entity												
<b>Entity Name</b>												
Project name												

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

LIM473 Makhuduthamaga - Supporting Table SA38 Consolidated detailed operational projects							
Municipal Vote/Operational project	Program/Project description	Project number	Individually Approved (Yes/No)	Prior year outcomes	2018/19 Medium Term Revenue & Expenditure Framework		
R thousand			6	Current Year 2017/18 Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Parent municipality:</b>							
Vote 1 - Office of the Speaker	Public Participations	OPEX_001	No	3 400	1 555	1 585	1 655
Vote 1 - Office of the Speaker	Capacity Building Of Councilor	OPEX_002	No	2 250	1 500	1 600	1 800
Vote 1 - Office of the Speaker	Ward Committee Capacity Buildi	OPEX_003	No	800	1 200	1 250	1 400
Vote 1 - Office of the Mayor	Publications	OPEX_004	No	11 000	6 500	7 236	–
Vote 1 - Office of the Mayor	Outreach Programmes Mayor	OPEX_005	No	8 700	1 913	2 248	1 669
Vote 1 - Office of the Mayor	Special Programmes	OPEX_006	No	5 600	2 502	3 121	2 764
Vote 2 - Office of the Municipal Manager	Risk Management Programmes	OPEX_007	No	600	200	1 000	1 000
Vote 2 - Office of the Municipal Manager	Perf Audit Committee Support	OPEX_008	No	700	750	800	850
Vote 2 - Office of the Municipal Manager	Internal Audit programmes	OPEX_009	No	2 200	2 609	2 174	2 200
Vote 3 - Economic Development & Planning	Spatial Planning (Demarcation of sites)	OPEX_010	No	2 400	1 000	1 200	1 500
Vote 3 - Economic Development & Planning	Process of Acquiring Land	OPEX_011	No	200	1 200	1 100	–
Vote 3 - Economic Development & Planning	Formalisation of Jane Furse	OPEX_012	No	1 800	1 000	800	–
Vote 3 - Economic Development & Planning	Building Regulations Awareness & Buidling Control Strategy	OPEX_013	No	100	500	200	100
Vote 3 - Economic Development & Planning	GIS (Geographic Information System)	OPEX_014	No	1 000	600	500	–
Vote 3 - Economic Development & Planning	Smme Support	OPEX_015	No	2 000	1 500	800	2 500
Vote 4 - Infrastructure Development	Maintenance of electricity infrastructure	OPEX_016	No	3 000	1 500	1 550	2 500
Vote 4 - Infrastructure Development	Rep & Maint-Infrastructure	OPEX_017	No	28 000	12 000	16 000	15 000
Vote 4 - Infrastructure Development	Rep & Main-Other Assets	OPEX_018	No	6 500	3 000	6 500	7 000
Vote 5 - Community Services	Fencing of Cemeteries	OPEX_019	No	1 400	800	800	800
Vote 5 - Community Services	Protection of Areas of Natural resources	OPEX_020	No	600	350	400	440
Vote 5 - Community Services	Waste Management	OPEX_021	No	24 600	23 563	7 818	7 000
Vote 5 - Community Services	Disaster Relief Programmes	OPEX_022	No	1 000	1 500	1 050	–
Vote 5 - Community Services	Sports & Culture Promotions	OPEX_023	No	1 035	1 000	1 000	1 450
Vote 6 - Corporate Services	Repairs & Maint: Ict Infrastruct	OPEX_024	No	6 000	6 261	6 087	3 478
Vote 6 - Corporate Services	Development Of Ohs Standards	OPEX_025	No	1 300	1 850	2 000	1 450
Vote 6 - Corporate Services	Training-Staff	OPEX_026	No	1 190	1 000	800	1 600
Vote 6 - Corporate Services	Review of HR Policies	OPEX_027	No	–	150	110	100
Vote 6 - Corporate Services	Customer Care	OPEX_028	No	450	650	550	600
Vote 6 - Corporate Services	Review of Service Standards & Development of Service Deli	OPEX_029	No	210	800	300	950
Vote 7 - Budget and Treasury	Rep & Main-Other Assets	OPEX_030	No	2 781	2 522	2 658	2 804
Vote 7 - Budget and Treasury	Accounting and Auditing	OPEX_031	No	2 620	2 399	2 529	2 668
Vote 7 - Budget and Treasury	Implementation of the mSCOA system	OPEX_032	No	1 627	1 313	1 006	985
Vote 7 - Budget and Treasury	Development Of Valuation Roll	OPEX_033	No	600	630	665	701
<b>Parent operational expenditure</b>					<b>85 817</b>	<b>77 436</b>	<b>66 964</b>

### 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 2018/19 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	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand											
<b>REVENUE ITEMS:</b>											
<b>Property rates</b>	6										
Total Property Rates		29 841	31 834	37 894	38 841	37 728	37 728	37 728	37 237	37 124	37 086
<i>less Revenue Foregone (exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)</i>											
<b>Net Property Rates</b>		29 841	31 834	37 894	38 841	37 728	37 728	37 728	37 237	37 124	37 086
<b>Other Revenue by source</b>											
Tender Documents		613	780	539	821	555	555	555	560	588	590
Other Revenue		1 057	200	74	211	110	110	110	122	132	141
<b>Total 'Other' Revenue</b>	1	1 669	980	613	1 032	665	665	665	682	720	731
<b>EXPENDITURE ITEMS:</b>											
<b>Employee related costs</b>											
Basic Salaries and Wages	2	25 614	28 144	32 507	37 538	35 336	35 336	35 336	43 857	46 578	49 777
Pension and UIF Contributions		4 840	6 080	6 632	7 800	7 637	7 637	7 637	8 620	9 198	9 805
Medical Aid Contributions		2 578	5 112	5 575	6 459	6 414	6 414	6 414	6 083	6 490	6 918
Overtime		256	—	2 268	1 788	1 817	1 817	1 817	1 175	1 254	1 337
Performance Bonus		—	—	—	—	—	—	—	—	—	—
Motor Vehicle Allowance		6 504	6 837	8 517	9 948	9 525	9 525	9 525	10 446	11 146	11 881
Cellphone Allowance		1 063	1 018	1 354	1 547	1 478	1 478	1 478	1 516	1 617	1 724
Housing Allowances		2 090	2 278	3 056	3 829	3 574	3 574	3 574	4 219	4 501	4 798
Other benefits and allowances		659	1 815	3 204	3 906	3 853	3 853	3 853	4 638	4 948	5 275
<b>sub-total</b>	5	43 604	51 285	63 112	72 815	69 635	69 635	69 635	80 553	85 733	91 516
<b>Less: Employees costs capitalised to PPE</b>											
<b>Total Employee related costs</b>	1	43 604	51 285	63 112	72 815	69 635	69 635	69 635	80 553	85 733	91 516
<b>Depreciation &amp; asset impairment</b>											
Depreciation of Property, Plant & Equipment		13 715	16 616	18 938	21 500	23 218	23 218	23 218	22 198	23 397	24 683
<b>Total Depreciation &amp; asset impairment</b>	1	13 715	16 616	18 938	21 500	23 218	23 218	23 218	22 198	23 397	24 683
<b>Contracted services</b>											
Repairs and Maintenance		22 626	45 805	42 617	22 581	45 681	45 681	45 681	48 846	40 613	37 782
Security Services and Cleaning Services		12 761	12 332	12 893	12 147	14 594	14 594	14 594	13 652	14 389	15 181
Other Contracted Services		—	690	856	919	53 380	53 380	53 380	21 812	20 437	17 472
<b>sub-total</b>	1	35 387	58 828	56 365	35 647	113 655	113 655	113 655	84 310	75 439	70 435
<b>Allocations to organs of state:</b>											
Other											
<b>Total contracted services</b>		35 387	58 828	56 365	35 647	113 655	113 655	113 655	84 310	75 439	70 435
<b>Other Expenditure By Type</b>											
Audit fees		2 213	2 400	2 670	3 200	2 700	2 700	2 700	2 399	2 529	2 668
General expenses	3	50 920	75 873	79 711	85 566	67 854	67 854	67 854	59 205	57 155	54 244
Grants and Subsidies		2 166	—	—	—	—	—	—			
<b>Total 'Other' Expenditure</b>	1	55 299	78 273	82 381	88 766	70 554	70 554	70 554	61 604	59 683	56 912
<b>Repairs and Maintenance by Expenditure Item</b>	8										
Contracted Services		22 626	58 828	42 200	22 581	42 381	42 381	25 283	25 283	32 795	30 782
Other Expenditure											
<b>Total Repairs and Maintenance Expenditure</b>	9	22 626	58 828	42 200	22 581	42 381	42 381	25 283	25 283	32 795	30 782

**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	Vote 5 - Community Services	Vote 6 - Corporate Services	Vote 7 - Budget and Treasury	Total
R thousand	1								
<b>Revenue By Source</b>									
Property rates								37 237	37 237
Service charges - other								–	–
Rental of facilities and equipment								130	130
Interest earned - external investments								10 235	10 235
Interest earned - outstanding debtors								29 343	29 343
Dividends received								–	–
Fines, penalties and forfeits								150	150
Licences and permits								–	–
Agency services								5 584	5 584
Other revenue								682	682
Transfers and subsidies								258 537	258 537
Gains on disposal of PPE								–	–
<b>Total Revenue (excluding capital transfers and contributions)</b>		–	–	–	–	–	–	341 898	341 898
<b>Expenditure By Type</b>									
Employee related costs		9 385	10 017	5 137	5 391	20 311	9 146	21 166	80 553
Remuneration of councillors		24 909	–						24 909
Debt impairment								29 343	29 343
Depreciation & asset impairment								22 198	22 198
Contracted services		4 225	3 559	4 800	16 500	26 681	7 911	20 634	84 310
Transfers and subsidies									–
Other expenditure		19 569	–	2 621	6 536	3 402	14 851	14 625	61 604
Loss on disposal of PPE									–
<b>Total Expenditure</b>		58 089	13 575	12 558	28 427	50 394	31 907	107 965	302 916
<b>Surplus/(Deficit)</b>		(58 089)	(13 575)	(12 558)	(28 427)	(50 394)	(31 907)	233 933	38 982
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)								66 000	66 000
Transfers and subsidies - capital (in-kind - all)									–
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		(58 089)	(13 575)	(12 558)	(28 427)	(50 394)	(31 907)	299 933	104 982

**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	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>R thousand</b>											
<b>ASSETS</b>											
<u>Call investment deposits</u>											
Call deposits											
Other current investments											
<b>Total Call investment deposits</b>	2	-	-	-	-	-	-	-	-	-	-
<u>Consumer debtors</u>											
Consumer debtors		13 590	19 223	46 113	49 526	49 526	49 526	49 526	52 844	56 331	59 430
<u>Less: Provision for debt impairment</u>											
<b>Total Consumer debtors</b>	2	13 590	19 223	46 113	49 526	49 526	49 526	49 526	52 844	56 331	59 430
<u>Property, plant and equipment (PPE)</u>											
PPE at cost/valuation (excl. finance leases)		218 385	352 909	423 171	518 817	518 817	518 817	518 817	383 671	406 152	460 456
Leases recognised as PPE	3										
<u>Less: Accumulated depreciation</u>											
<b>Total Property, plant and equipment (PPE)</b>	2	218 385	352 909	423 171	518 817	518 817	518 817	518 817	383 671	406 152	460 456
<b>LIABILITIES</b>											
<u>Current liabilities - Borrowing</u>											
Short term loans (other than bank overdraft)											
Current portion of long-term liabilities											
<b>Total Current liabilities - Borrowing</b>		-	-	-	-	-	-	-	-	-	-
<u>Trade and other payables</u>											
Trade and other creditors		28 663	2 076	15 468	33 613	33 613	33 613	33 613	17 726	18 896	19 935
Unspent conditional transfers		2 717	12 300	-	-	-	-	-			
<b>Total Trade and other payables</b>	2	31 379	14 376	15 468	33 613	33 613	33 613	33 613	17 726	18 896	19 935
<u>Non current liabilities - Borrowing</u>											
Finance leases (including PPP asset element)											
<b>Total Non current liabilities - Borrowing</b>		-	-	-	-	-	-	-	-	-	-
<u>Provisions - non-current</u>											
Retirement benefits		2 813	3 744	4 028	4 327	4 327	4 327	4 327	4 616	4 921	5 192
<i>List other major provision items</i>											
<b>Total Provisions - non-current</b>		2 813	3 744	4 028	4 327	4 327	4 327	4 327	4 616	4 921	5 192
<b>CHANGES IN NET ASSETS</b>											
<u>Accumulated Surplus/(Deficit)</u>											
Surplus/(Deficit)		7 830	37 375	127 691	122 717	77 899	77 899	77 899	104 982	108 212	143 562
Other adjustments											
<b>Accumulated Surplus/(Deficit)</b>	1	7 830	37 375	127 691	122 717	77 899	77 899	77 899	104 982	108 212	143 562
<u>Reserves</u>											
Other reserves											
<b>Total Reserves</b>	2	-	-	-	-	-	-	-	-	-	-
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	2	7 830	37 375	127 691	122 717	77 899	77 899	77 899	104 982	108 212	143 562



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	2014/15	2015/16	2016/17	Current Year 2017/18	2018/19 Medium Term Revenue & Expenditure Framework		
						Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
<b>Demographics</b>												
Population		Census 2001 - Census 2007 -Census 2011	264	262	300	300	300	274	300	300	300	300
Females aged 5 - 14		Census 2001 - Census 2007 -Census 2011	–	–	300	177	177	60	177	177	177	177
Males aged 5 - 14		Census 2001 - Census 2007 -Census 2011	–	–	123	123	123	60	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	21	33	21	21	21	21
<b>Monthly household income (no. of households)</b>	1, 12											
No income		Statistics South Africa 2007 & 2011 (Community Survey)	–	–	144 105	144 105	144 105	121 946	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	60 966	2 894	60 966	60 966	60 966	60 966
R6 401 - R12 800		Statistics South Africa 2007 & 2011 (Community Survey)	–	–	32 154	32 154	32 154	3 281	32 154	32 154	32 154	32 154
R12 801 - R25 600		Statistics South Africa 2007 & 2011 (Community Survey)	–	–	2 128	2 128	2 128	2 028	2 128	2 128	2 128	2 128
R25 601 - R51 200		Statistics South Africa 2007 & 2011 (Community Survey)	–	–	2 637	2 637	2 637	346	2 637	2 637	2 637	2 637
R52 201 - R102 400		Statistics South Africa 2007 & 2011 (Community Survey)	–	–	3 829	3 829	3 829	57	3 829	3 829	3 829	3 829
R102 401 - R204 800		Statistics South Africa 2007 & 2011 (Community Survey)	–	–	718	718	718	73	718	718	718	718
R204 801 - R409 600		Statistics South Africa 2007 & 2011 (Community Survey)	–	–	57	57	57	55	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
<b>Poverty profiles (no. of households)</b>												
< 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
Insert description	2	Statistics South Africa 2007 & 2011 (Community Survey)	-	-	-	0,00	0,00	0,00	0,00	0,00	0,00	0,00
<b>Detail on the provision of municipal services for A10</b>												
Total municipal services				2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Ref.			Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
ail of Free Basic Services (FBS) provi				2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
				Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Electricity	Ref.	Location of households for each type of FBS										
Electricity		Formal settlements - (50 kwh per indigent household per month Rands)										
		Other (Rands)		9 981	9 981	9 981	9 981	9 981	9 981	9 981	9 981	9 981
		Number of HH receiving this type of FBS										
		Total cost of FBS - Electricity for informal settlements		9 981	9 981	9 981	9 981	9 981	9 981	9 981	9 981	9 981

**Table 53 MBRR Table SA11 – Property rates summary**

LIM473 Makhuduthamaga - Supporting Table SA11 Property rates summary										
Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Valuation:</b>	1									
Date of valuation:		2011-07-01	2011-07-01	2011-07-01	2011-07-01					
Financial year valuation used		2012/2013	2012/2013	2012/2013	2012/2013					
Municipal by-laws s6 in place? (Y/N)	2	Yes	Yes	Yes	Yes					
Municipal/assistant valuer appointed? (Y/N)		Yes	Yes	Yes	Yes					
Municipal partnership s38 used? (Y/N)		NO	NO	NO	NO	-	-	-	-	-
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
<b>Rating:</b>										
Residential rate used to determine rate for other categories? (Y/N)		No	No	No	No					
Differential rates used? (Y/N)	5	No	No	No	No					
Limit on annual rate increase (s20)? (Y/N)		Yes	Yes	Yes	Yes					
Special rating area used? (Y/N)		No	No	No	No					
Phasing-in properties s21 (number)		0	0	0	0					
Rates policy accompanying budget? (Y/N)		Yes	Yes	Yes	Yes					
Fixed amount minimum value (R'000)		-	-	-	-					
Non-residential prescribed ratio s19? (%)		0,0%	0,0%	0,0%	0,0%					
<b>Rate revenue:</b>										
Rate revenue budget (R '000)	6	27 270	28 813	37 894	38 841	37 728	37 728	37 237	37 124	37 086
Rate revenue expected to collect (R'000)	6	18 232	16 250	23 505	25 245	25 245	25 245	29 936	34 912	36 500
Expected cash collection rate (%)		66,9%	56,4%	62,0%	65,0%	66,9%	66,9%	80,4%	94,0%	98,4%
Special rating areas (R'000)	7									
<b>Total rebates, exemptns, reductns, discs (R'000)</b>		-	-	-	-	-	-	-	-	-

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.
<b>Current Year 2017/18</b>																	
<b>Valuation:</b>																	
Supplementary valuation (Rm)		1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
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.
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
<b>Valuation reductions:</b>																	
Valuation reductions-other (Rm)	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total valuation reductions:</b>																	
Total value used for rating (Rm)	6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total land value (Rm)	6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total value of improvements (Rm)	6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total market value (Rm)	6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Rating:</b>																	
Average rate	3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rate revenue budget (R '000)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rate revenue expected to collect (R'000)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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%
Special rating areas (R'000)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rebates, exemptions - indigent (R'000)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rebates, exemptions - pensioners (R'000)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rebates, exemptions - bona fide farm. (R'000)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rebates, exemptions - other (R'000)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Phase-in reductions/discounts (R'000)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total rebates,exemptns,eductns,discs (R'000)</b>																	

**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 2018/19																	
Valuation:																	
Supplementary valuation (Rm)		1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
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.
Fiat 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-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	2014/15	2015/16	2016/17	Current Year 2017/18	2018/19 Medium Term Revenue & Expenditure Framework		
							Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Property rates</b> <i>(rate in the Rand)</i>	1								
Farm properties - used			2 cents	2 cents	2 cents	1,5 cents	1,5 cents	1,5 cents	1,5 cents
Farm properties - not used						1,5 cents	1,5 cents	1,5 cents	1,5 cents
Industrial properties			2 cents	2 cents	2 cents	1,5 cents	1,5 cents	1,5 cents	1,5 cents
Communal land - other			1,5 cents	1,5 cents	1,5 cents	1,5 cents	1,5 cents	1,5 cents	1,5 cents
<b>Exemptions, reductions and rebates</b> <i>(Rands)</i>									
<b>Residential properties</b>									
R15 000 threshold rebate			15 000	15 000	15 000	15 000	15 000	15 000	15 000
<b>Other rebates or exemptions</b>	2								

**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	2014/15	2015/16	2016/17	Current Year 2017/18	2018/19 Medium Term Revenue & Expenditure Framework		
							Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Exemptions, reductions and rebates (Rands)</b>									
<i>[Insert lines as applicable]</i>									
<b>Water tariffs</b>									
<i>[Insert blocks as applicable]</i>		(fill in thresholds)							
		(fill in thresholds)							
		(fill in thresholds)							
		(fill in thresholds)							
<b>Waste water tariffs</b>									
<i>[Insert blocks as applicable]</i>		(fill in structure)							
		(fill in structure)							
		(fill in structure)							
		(fill in structure)							
<b>Electricity tariffs</b>									
<i>[Insert blocks as applicable]</i>		(fill in thresholds)							
		(fill in thresholds)							
		(fill in thresholds)							
		(fill in thresholds)							
		(fill in thresholds)							
		(fill in thresholds)							

Table 58 MBRR Table SA14 – Household bills.

LIM473 Makhuduthamaga - Supporting Table SA14 Household bills											
Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Rand/cent								% incr.			
<b>Monthly Account for Household - 'Middle Income Range'</b>	1										
Rates and services charges:											
Other											
sub-total		-	-	-	-	-	-	-	-	-	-
VAT on Services											
Total large household bill:		-	-	-	-	-	-	-	-	-	-
% increase/-decrease			-	-	-	-	-		-	-	-
<b>Monthly Account for Household - 'Affordable Range'</b>	2										
Rates and services charges:											
Other											
sub-total		-	-	-	-	-	-	-	-	-	-
VAT on Services											
Total small household bill:		-	-	-	-	-	-	-	-	-	-
% increase/-decrease			-	-	-	-	-		-	-	-
<b>Monthly Account for Household - 'Indigent' Household receiving free basic services</b>	3										
Rates and services charges:											
Other											
sub-total		-	-	-	-	-	-	-	-	-	-
VAT on Services											
Total small household bill:		-	-	-	-	-	-	-	-	-	-
% increase/-decrease			-	-	-	-	-		-	-	-

Table 59 MBRR Table SA15 – Investment particulars by type.

LIM473 Makhuduthamaga - Supporting Table SA15 Investment particulars by type												
Investment type	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework				
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21		
R thousand												
<u>Parent municipality</u>												
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	-	-	-	-	-	-	-	-	-		
<u>Entities</u>												
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
Ref of institution & investment	1	Yrs/Months												
<u>Parent municipality</u>														
														-
														-
														-
Municipality sub-total										-		-	-	-
<u>Entities</u>														
														-
														-
														-
Entities sub-total										-		-	-	-
TOTAL INVESTMENTS AND IN	1									-		-	-	-

**Table 61 MBRR Table SA17 – Borrowing.**

LIM473 Makhuduthamaga - Supporting Table SA17 Borrowing										
Borrowing - Categorised by type	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Parent municipality</b>										
Other Securities										
<b>Municipality sub-total</b>	1	-	-	-	-	-	-	-	-	-
<b>Entities</b>										
Other Securities										
<b>Entities sub-total</b>	1	-	-	-	-	-	-	-	-	-
<b>Total Borrowing</b>	1	-	-	-	-	-	-	-	-	-
<b>Unspent Borrowing - Categorised by type</b>										
<b>Parent municipality</b>										
Other Securities										
<b>Municipality sub-total</b>	1	-	-	-	-	-	-	-	-	-
<b>Entities</b>										
Other Securities										
<b>Entities sub-total</b>	1	-	-	-	-	-	-	-	-	-
<b>Total Unspent Borrowing</b>	1	-	-	-	-	-	-	-	-	-

## 2.1 Annual Budget of Municipal entities

- The municipality does not have entities.