

Letsemeng Local Municipality 2011/12 Medium Term Revenue and Expenditure Framework

PART 1

1. MAYOR'S REPORT

The Mayor's report (formerly Mayor's budget speech) will be presented by the Mayor to Council during the final budget.

2. RESOLUTIONS

1. Council hereby resolve that:
 - (i) Tabled operating expenditure be approved
 - (ii) Tabled operating revenue be approved
 - (iii) Tabled capital expenditure be approved
2. That the tariffs for property rates and service charges for 2011/12 as reflected in tariff list be approved.
6. That the tabled budget be submitted to the relevant stakeholders as required by legislation and community inputs be invited.

3. EXECUTIVE SUMMARY

This section provides an overview of the Letsemeng Local Municipality's 2011/12 to 2013/14 Medium Term Revenue and Expenditure Framework. It includes an assessment of how the budget links with the national and provincial government contexts along with a review of the fiscal position of municipality.

The Municipality's budget must be seen within the context of the policies and financial priorities of national, provincial and district level. In essence, the spheres of Government are partners in meeting the service delivery challenges faced by Letsemeng Local Municipality. The municipality alone cannot meet these challenges. It requires support from the other spheres of Government through the direct allocation of resources as well as the achievement of their own policies.

Therefore the municipality's resources have been allocated taking into consideration the priorities as set out during the State of the Nation Address (SOPA), State of the Provincial Address, and other guidelines as issued by other spheres of government.

The National Treasury discourages municipalities from having unfunded and unrealistic budgets. To remain within this framework, it is imperative that the municipality allocates its resources in line with the priorities that are set in the Integrated Development Planning: The budget of the municipality for the 2011/12 is as follows:

Employee cost: Salaries	R16 755 518
Employee cost: Social contributions	R 4 787 291
Remuneration of Councillors	R 2 349 319
Bulk: Electricity	R17 086 537
Bulk: Water	R 1 980 000
Repairs and maintenance	R 3 450 727
Other expenditure	R36 742 481

The operational budget has increased with R5.1 million from the adjustment budget. This is as result of providing for 8% increase in employee related costs; providing for critical vacant positions within the Budget and Treasury Office; as well as increasing other expenditure items in line with the inflation guidelines provided by National Treasury on both MFMA Circular 54 and 55 respectively.

The expected revenue will increase from R78 million during the adjustment budget to R86 million. The expected revenue for the budget year can be summarised as follows:

Property rates	R 5 106 056
Service charge: Electricity	R13 620 000
Service charge: Water	R 6 726 202
Service charge: Waste management	R 5 446 243
Service charge: Waste water management	R 5 985 000
Grants: Operational	R47 452 000
Other revenue	R 1 724 569

The municipality will then utilise portion of this expected surplus to fund capital expenditure to the tune of R516 000. Therefore, the total capital expenditure budget will amount to R18.7 million. The difference will be funded from Municipal Infrastructure Grant: R18.2 million.

The budget is funded in line with the requirements of the Municipal Finance Management Act and the Funding Compliance Test has been done. However, going forward, the municipality will have to ensure that expenditure is prioritised towards service delivery and that spending on none essential item is avoided. The cash flow of the municipality is expected remain positive and the payment rate is expected to increase with approximately 9% within the first six month of the 2011/12 financial year.

4. ANNUAL BUDGET TABLES

FS161 Letsemeng - Table A1 Budget Summary

Description	2007/8	2008/9	2009/10	Current Year 2010/11				2011/12 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
R thousands										
Financial Performance										
Property rates	2 994	3 013	3 314	4 642	4 642	4 642	-	5 106	5 372	5 667
Service charges	18 356	20 157	24 032	30 623	28 357	28 357	-	31 777	33 430	35 269
Investment revenue	-	-	-	-	842	842	-	900	947	999
Transfers recognised - operational	20 015	24 894	33 065	43 294	43 673	43 673	-	47 699	52 541	55 815
Other own revenue	4 825	1 799	2 182	1 994	494	494	-	578	609	641
Total Revenue (excluding capital transfers and contributions)	46 190	49 863	62 593	80 553	78 008	78 008	-	86 060	92 898	98 390
Employee costs	15 166	13 750	16 880	18 983	19 947	19 947	-	21 543	23 251	24 895
Remuneration of councillors	1 624	1 761	1 903	2 083	2 216	2 216	-	2 349	2 514	2 715
Depreciation & asset impairment	1 000	950	950	1 670	886	886	-	1 278	1 344	1 418
Finance charges	174	232	287	197	126	126	-	62	65	68
Materials and bulk purchases	19 707	21 728	22 187	17 138	14 083	14 083	-	19 067	20 058	21 161
Transfers and grants	-	-	-	-	-	-	-	-	-	-
Other expenditure	8 263	11 235	12 935	40 481	40 750	40 750	-	38 855	41 576	43 786
Total Expenditure	45 933	49 656	55 143	80 553	78 008	78 008	-	83 152	88 808	94 044
Surplus/(Deficit)	257	207	7 450	0	0	0	-	2 908	4 090	4 347
Transfers recognised - capital	-	-	-	15 141	15 141	15 141	-	18 210	22 142	23 359
Contributions recognised - capital & contributed a	-	-	(7 450)	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	257	207	0	15 141	15 141	15 141	-	21 117	26 232	27 706
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	257	207	0	15 141	15 141	15 141	-	21 117	26 232	27 706
Capital expenditure & funds sources										
Capital expenditure	-	-	-	19 494	20 154	20 154	-	18 725	22 685	23 931
Transfers recognised - capital	-	-	-	19 494	19 494	19 494	-	18 210	22 142	23 359
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	-	-	-	-	660	660	-	515	543	572
Total sources of capital funds	-	-	-	19 494	20 154	20 154	-	18 725	22 685	23 931
Financial position										
Total current assets	5 718	4 726	16 783	-	-	-	-	21 609	17 401	12 576
Total non current assets	123 781	177 676	196 978	-	-	-	-	237 742	261 655	274 667
Total current liabilities	1 508	3 215	4 349	-	-	-	-	2 206	1 625	1 806
Total non current liabilities	11	8	-	-	-	-	-	-	-	-
Community wealth/Equity	103 110	167 128	203 074	-	-	-	-	249 494	269 581	279 317
Cash flows										
Net cash from (used) operating	-	(45 263)	(37 177)	(44 786)	-	-	-	(8 519)	(14 390)	(18 230)
Net cash from (used) investing	-	-	-	-	-	-	-	18 726	22 685	23 931
Net cash from (used) financing	-	88	185	-	-	-	-	59	68	61
Cash/cash equivalents at the year end	-	(45 175)	(82 167)	(43 170)	-	-	-	13 092	21 455	27 218
Cash backing/surplus reconciliation										
Cash and investments available	625	(1 554)	(2 754)	-	-	-	-	1 858	2 700	2 451
Application of cash and investments	(2 424)	(2 056)	2 913	-	-	-	-	-	-	-
Balance - surplus (shortfall)	3 049	502	(5 667)	-	-	-	-	1 858	2 700	2 451
Asset management										
Asset register summary (WDV)	57	33	8	-	-	-	45	45	8	13
Depreciation & asset impairment	1 000	950	950	1 670	886	886	1 278	1 278	1 344	1 418
Renewal of Existing Assets	-	-	-	-	-	-	-	-	-	-
Repairs and Maintenance	-	-	-	-	-	-	3 451	3 451	3 630	3 829
Free services										
Cost of Free Basic Services provided	9 871	11 530	13 232	13 232	13 232	14 910	16 884	16 884	19 710	20 696
Revenue cost of free services provided	12 093	13 791	14 256	14 256	14 256	15 150	18 039	18 039	21 341	23 902
Households below minimum service level										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-

FS161 Letsemeng - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
Revenue - Standard										
Governance and administration		6 502	4 452	7 198	10 801	10 342	10 342	11 748	12 426	13 011
Executive and council		390	390	587	653	1 000	1 000	1 548	1 637	1 739
Budget and treasury office		5 002	3 211	5 706	9 144	8 402	8 402	9 214	9 711	10 127
Corporate services		1 110	851	905	1 003	940	940	986	1 078	1 146
Community and public safety		1 485	1 891	2 148	2 269	2 459	2 459	2 432	2 679	2 852
Community and social services		636	763	1 006	787	1 052	1 052	796	878	935
Sport and recreation		426	481	528	628	637	637	749	828	882
Public safety		390	600	529	764	712	712	825	908	966
Housing		33	47	85	90	58	58	62	66	69
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		1 702	120	197	21	21	21	21	22	23
Planning and development		1 618	28	187	-	-	-	-	-	-
Road transport		4	12	10	21	21	21	21	22	23
Environmental protection		80	80	-	-	-	-	-	-	-
Trading services		36 501	43 410	53 051	67 463	65 187	65 187	71 859	77 770	82 504
Electricity		9 501	11 451	19 465	24 822	23 260	23 260	26 586	28 669	30 393
Water		9 694	11 668	12 366	15 918	15 918	15 918	16 953	18 390	19 518
Waste water management		8 382	10 091	10 262	13 489	13 390	13 390	14 428	15 637	16 594
Waste management		8 923	10 201	10 958	13 235	12 619	12 619	13 892	15 073	15 999
Other	4	-	-	-	-	-	-	-	-	-
Total Revenue - Standard	2	46 190	49 873	62 593	80 554	78 009	78 009	86 060	92 898	98 391
Expenditure - Standard										
Governance and administration		5 209	5 823	6 739	10 229	29 097	29 097	16 753	18 365	20 910
Executive and council		1 144	1 058	1 066	1 146	4 019	4 019	7 940	8 403	8 774
Budget and treasury office		3 003	3 831	4 555	5 804	19 542	19 542	6 543	6 679	8 284
Corporate services		1 063	935	1 118	3 279	5 536	5 536	2 270	3 283	3 852
Community and public safety		5 394	5 307	5 886	1 804	2 588	2 588	3 010	3 361	3 963
Community and social services		2 289	2 088	1 848	1 159	2 165	2 165	1 972	2 270	2 413
Sport and recreation		295	437	413	383	158	158	546	574	606
Public safety		748	454	709	-	60	60	360	379	399
Housing		99	90	100	3	5	5	17	18	19
Health		1 963	2 239	2 816	259	200	200	114	120	525
Economic and environmental services		7 322	8 864	15 876	10 814	8 512	8 512	9 225	9 745	10 180
Planning and development		-	-	-	2 011	2 661	2 661	2 947	3 178	3 561
Road transport		7 051	8 555	15 541	8 803	5 851	5 851	6 277	6 568	6 619
Environmental protection		270	309	334	-	-	-	-	-	-
Trading services		28 008	29 661	34 093	57 706	37 811	37 811	54 165	57 136	58 992
Electricity		8 564	11 313	13 702	24 231	20 668	20 668	26 435	27 871	29 196
Water		8 634	8 292	8 847	13 639	7 924	7 924	15 007	15 752	16 706
Waste water management		4 939	4 687	5 250	9 444	4 373	4 373	5 852	6 263	6 447
Waste management		5 870	5 370	6 294	10 393	4 847	4 847	6 870	7 251	6 642
Other	4	-	-	-	-	-	-	-	-	-
Total Expenditure - Standard	3	45 933	49 656	62 593	80 553	78 009	78 009	83 152	88 608	94 045
Surplus/(Deficit) for the year		257	217	-	0	0	0	2 908	4 290	4 346

FS161 Letsemeng - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
Revenue by Vote	1									
Vote1- Budget and Treasury Office		5 002	3 211	5 706	9 144	8 402	8 402	9 214	9 711	10 127
Vote2 - Corporate Services		3 694	2 217	2 621	2 615	2 735	2 735	2 642	2 900	3 085
Vote3 - Council		390	480	587	653	1 000	1 000	1 548	1 637	1 739
Vote4- Technical Services		37 103	43 955	53 680	68 141	65 872	65 872	72 657	78 650	83 440
Example 5 - Vote5		-	-	-	-	-	-	-	-	-
Example 6 - Vote6		-	-	-	-	-	-	-	-	-
Example 7 - Vote7		-	-	-	-	-	-	-	-	-
Example 8 - Vote8		-	-	-	-	-	-	-	-	-
Example 9 - Vote9		-	-	-	-	-	-	-	-	-
Example 10 - Vote10		-	-	-	-	-	-	-	-	-
Example 11 - Vote11		-	-	-	-	-	-	-	-	-
Example 12 - Vote12		-	-	-	-	-	-	-	-	-
Example 13 - Vote13		-	-	-	-	-	-	-	-	-
Example 14 - Vote14		-	-	-	-	-	-	-	-	-
Example 15 - Vote15		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	46 190	49 863	62 593	80 554	78 009	78 009	86 060	92 898	98 391
Expenditure by Vote to be appropriated	1									
Vote1- Budget and Treasury Office		3 003	3 831	4 551	5 804	19 542	19 542	6 543	6 679	8 284
Vote2 - Corporate Services		4 799	3 234	3 649	4 003	7 629	7 629	4 451	5 906	6 110
Vote3 - Council		1 144	1 058	1 066	1 243	4 019	4 019	7 940	8 403	8 774
Vote4- Technical Services		36 987	41 533	53 327	69 503	46 818	46 818	64 218	67 619	70 877
Example 5 - Vote5		-	-	-	-	-	-	-	-	-
Example 6 - Vote6		-	-	-	-	-	-	-	-	-
Example 7 - Vote7		-	-	-	-	-	-	-	-	-
Example 8 - Vote8		-	-	-	-	-	-	-	-	-
Example 9 - Vote9		-	-	-	-	-	-	-	-	-
Example 10 - Vote10		-	-	-	-	-	-	-	-	-
Example 11 - Vote11		-	-	-	-	-	-	-	-	-
Example 12 - Vote12		-	-	-	-	-	-	-	-	-
Example 13 - Vote13		-	-	-	-	-	-	-	-	-
Example 14 - Vote14		-	-	-	-	-	-	-	-	-
Example 15 - Vote15		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	45 933	49 656	62 593	80 554	78 009	78 009	83 152	88 608	94 044
Surplus/(Deficit) for the year	2	257	207	(0)	(0)	0	0	2 908	4 290	4 346

FS161 Letsemeng - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11				2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
R thousand	1										
Revenue By Source											
Property rates	2	2 994	3 013	3 314	4 642	4 642	4 642	-	5 106	5 372	5 667
Property rates - penalties & collection charges											
Service charges - electricity revenue	2	8 063	8 123	9 947	12 803	11 251	11 251	-	13 620	14 328	15 116
Service charges - water revenue	2	3 806	4 462	4 908	6 407	6 407	6 407	-	6 726	7 076	7 465
Service charges - sanitation revenue	2	3 308	3 852	4 237	5 799	5 700	5 700	-	5 985	6 296	6 643
Service charges - refuse revenue	2	3 179	3 720	4 940	5 613	5 000	5 000	-	5 446	5 729	6 045
Service charges - other											
Rental of facilities and equipment		536	408	491	353	232	232		290	305	322
Interest earned - external investments						842	842		900	947	999
Interest earned - outstanding debtors		1 400	1 055	1 210	1 279						
Dividends received				20	21						
Fines		1 500	99	123	129	77	77		79	83	88
Licences and permits		6	2	2	7	4	4		5	5	5
Agency services											
Transfers recognised - operational		20 015	24 894	33 065	43 294	43 673	43 673		47 699	52 541	55 815
Other revenue	2	1 383	236	336	204	181	181	-	204	216	227
Gains on disposal of PPE											
Total Revenue (excluding capital transfers and contributions)		46 190	49 863	62 593	80 553	78 008	78 008	-	86 060	92 898	98 390
Expenditure By Type											
Employee related costs	2	15 166	13 750	16 880	18 983	19 947	19 947	-	21 543	23 251	24 895
Remuneration of councillors		1 624	1 761	1 903	2 083	2 216	2 216		2 349	2 514	2 715
Debt impairment	3	2 961	1 480	3 698	7 372	4 760	4 760		6 787	7 140	7 533
Depreciation & asset impairment	2	1 000	950	950	1 670	886	886	-	1 278	1 344	1 418
Finance charges		174	232	287	197	126	126		62	65	68
Bulk purchases	2	5 460	8 386	10 512	15 115	14 083	14 083	-	19 067	20 058	21 161
Other materials	8	14 247	13 343	11 675	2 024						
Contracted services		500	2 000	2 000	-	-	-	-	-	-	-
Transfers and grants											
Other expenditure	4, 5	4 802	7 754	7 237	33 109	35 990	35 990	-	32 067	34 436	36 253
Loss on disposal of PPE											
Total Expenditure		45 933	49 656	55 143	80 553	78 008	78 008	-	83 152	88 808	94 044
Surplus/(Deficit)		257	207	7 450	0	0	0	-	2 908	4 090	4 347
Transfers recognised - capital					15 141	15 141	15 141		18 210	22 142	23 359
Contributions recognised - capital	6	-	-	(7 450)	-	-	-	-	-	-	-
Contributed assets											
Surplus/(Deficit) after capital transfers & contributions		257	207	0	15 141	15 141	15 141	-	21 117	26 232	27 706
Taxation											
Surplus/(Deficit) after taxation		257	207	0	15 141	15 141	15 141	-	21 117	26 232	27 706
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		257	207	0	15 141	15 141	15 141	-	21 117	26 232	27 706
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		257	207	0	15 141	15 141	15 141	-	21 117	26 232	27 706

FS161 Letsemeng - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11				2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote1- Budget and Treasury Office		-	-	-	-	-	-	-	-	-	-
Vote2 - Corporate Services		-	-	-	-	-	-	-	-	-	-
Vote3 - Council		-	-	-	-	-	-	-	-	-	-
Vote4- Technical Services		-	-	-	-	-	-	-	-	-	-
Example 5 - Vote5		-	-	-	-	-	-	-	-	-	-
Example 6 - Vote6		-	-	-	-	-	-	-	-	-	-
Example 7 - Vote7		-	-	-	-	-	-	-	-	-	-
Example 8 - Vote8		-	-	-	-	-	-	-	-	-	-
Example 9 - Vote9		-	-	-	-	-	-	-	-	-	-
Example 10 - Vote10		-	-	-	-	-	-	-	-	-	-
Example 11 - Vote11		-	-	-	-	-	-	-	-	-	-
Example 12 - Vote12		-	-	-	-	-	-	-	-	-	-
Example 13 - Vote13		-	-	-	-	-	-	-	-	-	-
Example 14 - Vote14		-	-	-	-	-	-	-	-	-	-
Example 15 - Vote15		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be appropriated	2										
Vote1- Budget and Treasury Office		-	-	-	-	-	-	-	50	53	55
Vote2 - Corporate Services		-	-	-	-	60	60	-	669	23	24
Vote3 - Council		-	-	-	-	-	-	-	45	47	50
Vote4- Technical Services		-	-	-	19 494	20 094	20 094	-	17 961	22 562	23 802
Example 5 - Vote5		-	-	-	-	-	-	-	-	-	-
Example 6 - Vote6		-	-	-	-	-	-	-	-	-	-
Example 7 - Vote7		-	-	-	-	-	-	-	-	-	-
Example 8 - Vote8		-	-	-	-	-	-	-	-	-	-
Example 9 - Vote9		-	-	-	-	-	-	-	-	-	-
Example 10 - Vote10		-	-	-	-	-	-	-	-	-	-
Example 11 - Vote11		-	-	-	-	-	-	-	-	-	-
Example 12 - Vote12		-	-	-	-	-	-	-	-	-	-
Example 13 - Vote13		-	-	-	-	-	-	-	-	-	-
Example 14 - Vote14		-	-	-	-	-	-	-	-	-	-
Example 15 - Vote15		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		-	-	-	19 494	20 154	20 154	-	18 725	22 685	23 931
Total Capital Expenditure - Vote		-	-	-	19 494	20 154	20 154	-	18 725	22 685	23 931
Capital Expenditure - Standard											
Governance and administration		-	-	-	-	-	-	-	116	122	129
Executive and council									45	47	50
Budget and treasury office									50	53	55
Corporate services									22	23	24
Community and public safety		-	-	-	-	60	60	-	648	-	-
Community and social services									648		
Sport and recreation											
Public safety						60	60				
Housing											
Health											
Economic and environmental services		-	-	-	4 249	4 249	4 249	-	12 520	22 483	23 719
Planning and development									12	22 155	23 372
Road transport					4 249	4 249	4 249		12 508	329	347
Environmental protection											
Trading services		-	-	-	14 445	15 045	15 045	-	5 441	79	83
Electricity									8	8	8
Water					9 237	9 837	9 837		30	31	33
Waste water management					5 208	5 208	5 208		438	32	33
Waste management									4 966	8	9
Other					800	800	800				
Total Capital Expenditure - Standard	3	-	-	-	19 494	20 154	20 154	-	18 725	22 685	23 931
Funded by:											
National Government					15 141	15 141	15 141		18 210	22 142	23 359
Provincial Government					4 353	4 353	4 353				
District Municipality											
Other transfers and grants											
Transfers recognised - capital	4	-	-	-	19 494	19 494	19 494	-	18 210	22 142	23 359
Public contributions & donations	5										
Borrowing	6										
Internally generated funds						660	660		515	543	572
Total Capital Funding	7	-	-	-	19 494	20 154	20 154	-	18 725	22 685	23 931

FS161 Letsemeng - Table A6 Budgeted Financial Position

Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11				2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
ASSETS											
Current assets											
Cash		803	1	1					658	1 200	951
Call investment deposits	1	-	-	-	-	-	-	-	-	-	-
Consumer debtors	1	2 491	2 669	13 968	-	-	-	-	18 000	13 200	10 100
Other debtors		2 424	2 056	2 814					2 951	3 001	1 525
Current portion of long-term receivables											
Inventory	2										
Total current assets		5 718	4 726	16 783	-	-	-	-	21 609	17 401	12 576
Non current assets											
Long-term receivables											
Investments		16	62	73					1 200	1 500	1 500
Investment property											
Investment in Associate											
Property, plant and equipment	3	123 708	177 582	196 897	-	-	-	-	236 497	260 147	273 154
Agricultural											
Biological											
Intangible		57	33	8					45	8	13
Other non-current assets											
Total non current assets		123 781	177 676	196 978	-	-	-	-	237 742	261 655	274 667
TOTAL ASSETS		129 499	182 402	213 760	-	-	-	-	259 350	279 056	287 242
LIABILITIES											
Current liabilities											
Bank overdraft	1	194	1 617	2 827							
Borrowing	4	199	2	-	-	-	-	-	-	-	-
Consumer deposits		422	437	631					701	403	381
Trade and other payables	4	-	-	-	-	-	-	-	-	-	-
Provisions		693	1 159	891					1 506	1 222	1 425
Total current liabilities		1 508	3 215	4 349	-	-	-	-	2 206	1 625	1 806
Non current liabilities											
Borrowing		-	-	-	-	-	-	-	-	-	-
Provisions		11	8	-	-	-	-	-	-	-	-
Total non current liabilities		11	8	-	-	-	-	-	-	-	-
TOTAL LIABILITIES		1 519	3 224	4 349	-	-	-	-	2 206	1 625	1 806
NET ASSETS	5	127 980	179 179	209 412	-	-	-	-	257 144	277 431	285 437
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		38 455	167 128	203 074					249 494	269 581	279 317
Reserves	4	64 655	-	-	-	-	-	-	-	-	-
Minorities' interests											
TOTAL COMMUNITY WEALTH/EQUITY	5	103 110	167 128	203 074	-	-	-	-	249 494	269 581	279 317

FS161 Letsemeng - Table A7 Budgeted Cash Flows

Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11				2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Ratepayers and other			(45 263)	(16 545)	(36 663)				(25 101)	(27 618)	(30 852)
Government - operating	1			(62 720)	(42 590)				(47 452)	(52 282)	(55 541)
Government - capital	1				(15 141)				(18 210)	(22 142)	(24 873)
Interest				(1 970)	(1 279)				(900)	(947)	(999)
Dividends				(10)	(21)				(8)	(9)	(9)
Payments											
Suppliers and employees				44 068	50 711				82 958	88 404	93 829
Finance charges					197				194	204	215
Transfers and Grants	1										
NET CASH FROM/(USED) OPERATING ACTIVITIES		-	(45 263)	(37 177)	(44 786)	-	-	-	(8 519)	(14 390)	(18 230)
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE											
Decrease (Increase) in non-current debtors											
Decrease (Increase) other non-current receivables											
Decrease (Increase) in non-current investments											
Payments											
Capital assets									18 726	22 685	23 931
NET CASH FROM/(USED) INVESTING ACTIVITIES		-	-	-	-	-	-	-	18 726	22 685	23 931
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans				(8)							
Borrowing long term/refinancing											
Increase (decrease) in consumer deposits			88	193					59	68	61
Payments											
Repayment of borrowing											
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	88	185	-	-	-	-	59	68	61
NET INCREASE/ (DECREASE) IN CASH HELD		-	(45 175)	(36 992)	(44 786)	-	-	-	10 266	8 363	5 762
Cash/cash equivalents at the year begin:	2		-	(45 175)	1 616				2 826	13 092	21 455
Cash/cash equivalents at the year end:	2		(45 175)	(82 167)	(43 170)				13 092	21 455	27 218

FS161 Letsemeng - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11				2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
Cash and investments available											
Cash/cash equivalents at the year end	1	-	(45 175)	(82 167)	(43 170)	-	-	-	13 092	21 455	27 218
Other current investments > 90 days		609	43 559	79 340	43 170	-	-	-	(12 434)	(20 255)	(26 267)
Non current assets - Investments	1	16	62	73	-	-	-	-	1 200	1 500	1 500
Cash and investments available:		625	(1 554)	(2 754)	-	-	-	-	1 858	2 700	2 451
Application of cash and investments											
Unspent conditional transfers		-	-	-	-	-	-	-	-	-	-
Unspent borrowing											
Statutory requirements	2										
Other working capital requirements	3	(2 424)	(2 056)	2 913	-	-	-	-	-	-	-
Other provisions											
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		(2 424)	(2 056)	2 913	-	-	-	-	-	-	-
Surplus(shortfall)		3 049	502	(5 667)	-	-	-	-	1 858	2 700	2 451

FS161 Letsemeng - Table A9 Asset Management

Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
R thousand										
CAPITAL EXPENDITURE										
Total New Assets	1	13 380	13 662	12 447	19 494	19 494	-	18 726	22 685	23 931
Infrastructure - Road transport		-	4 800	-	4 249	4 249	-	12 508	329	347
Infrastructure - Electricity		-	-	-	1 853	1 853	-	8	8	8
Infrastructure - Water		2 643	7 362	4 126	7 384	7 384	-	30	31	33
Infrastructure - Sanitation		10 737	-	8 321	2 958	2 958	-	438	32	33
Infrastructure - Other		-	-	-	3 050	3 050	-	4 978	22 163	23 381
Infrastructure		13 380	12 162	12 447	19 494	19 494	-	17 962	22 563	23 802
Community		-	1 500	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	-	-	-	-	-	-	764	122	129
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
Total Renewal of Existing Assets	2	-	-	-	-	-	-	-	-	-
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	-	-	-
Community		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	-	-	-	-	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
Total Capital Expenditure	4	-	-	-	-	-	-	-	-	-
Infrastructure - Road transport		-	4 800	-	4 249	4 249	-	12 508	329	347
Infrastructure - Electricity		-	-	-	1 853	1 853	-	8	8	8
Infrastructure - Water		2 643	7 362	4 126	7 384	7 384	-	30	31	33
Infrastructure - Sanitation		10 737	-	8 321	2 958	2 958	-	438	32	33
Infrastructure - Other		-	-	-	3 050	3 050	-	4 978	22 163	23 381
Infrastructure		13 380	12 162	12 447	19 494	19 494	-	17 962	22 563	23 802
Community		-	1 500	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	-	-	-	-	-	-	764	122	129
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class	2	13 380	13 662	12 447	19 494	19 494	-	18 726	22 685	23 931
ASSET REGISTER SUMMARY - PPE (WDV)	5									
Infrastructure - Road transport										
Infrastructure - Electricity										
Infrastructure - Water										
Infrastructure - Sanitation										
Infrastructure - Other										
Infrastructure		-	-	-	-	-	-	-	-	-
Community										
Heritage assets										
Investment properties		-	-	-	-	-	-	-	-	-
Other assets										
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		57	33	8	-	-	-	45	8	13
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	57	33	8	-	-	-	45	8	13
EXPENDITURE OTHER ITEMS										
Depreciation & asset impairment		1 000	950	950	1 670	886	886	1 278	1 344	1 418
Repairs and Maintenance by Asset Class	3	-	-	-	-	-	-	3 451	3 630	3 829
Infrastructure - Road transport		-	-	-	-	-	-	1 328	1 397	1 474
Infrastructure - Electricity		-	-	-	-	-	-	529	557	588
Infrastructure - Water		-	-	-	-	-	-	267	281	297
Infrastructure - Sanitation		-	-	-	-	-	-	748	787	831
Infrastructure - Other		-	-	-	-	-	-	537	564	595
Infrastructure		-	-	-	-	-	-	3 470	3 587	3 784
Community		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6, 7	-	-	-	-	-	-	41	43	46
TOTAL EXPENDITURE OTHER ITEMS		1 000	950	950	1 670	886	886	4 729	4 975	5 248

FS161 Letsemeng - Table A10 Basic service delivery measurement

Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
Household service targets (000)	1									
Water:										
Piped water inside dwelling		8	8	8	8	8	8	8	8	8
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>		8	8	8	8	8	8	8	8	8
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>		-	-	-	-	-	-	-	-	-
Total number of households	5	8	8	8	8	8	8	8	8	8
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		8	8	8	8	8	8	8	8	8
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>		8	8	8	8	8	8	8	8	8
Bucket toilet										
Other toilet provisions (< min.service level)										
No toilet provisions										
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	8	8	8	8	8	8	8	8	8
Energy:										
Electricity (at least min.service level)		0	0	0	0	0	0	0	0	0
Electricity - prepaid (min.service level)	7	8	8	8	8	8	8	8	8	8
<i>Minimum Service Level and Above sub-total</i>		8	8	8	8	8	8	8	8	8
Electricity (< min.service level)										
Electricity - prepaid (< min. service level)										
Other energy sources										
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	8	8	8	8	8	8	8	8	8
Refuse:										
Removed at least once a week		8	8	8	8	8	8	8	8	8
<i>Minimum Service Level and Above sub-total</i>		8	8	8	8	8	8	8	8	8
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>		-	-	-	-	-	-	-	-	-
Total number of households	5	8	8	8	8	8	8	8	8	8
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		8	8	8	8	8	8	8	8	8
Sanitation (free minimum level service)	4	5	5	5	5	5	5	5	5	5
Electricity/other energy (50kwh per household per month)	4	5	5	5	5	5	5	5	5	5
Refuse (removed at least once a week)	4	5	5	5	5	5	5	5	5	5
Cost of Free Basic Services provided (R'000)	8									
Water (6 kilolitres per household per month)		2 817	3 159	3 476	3 476	3 476	3 894	4 208	4 631	4 863
Sanitation (free sanitation service)		2 780	3 105	3 501	3 501	3 501	3 859	4 298	4 967	5 215
Electricity/other energy (50kwh per household per month)		1 495	2 161	2 754	2 754	2 754	3 298	4 081	5 145	5 402
Refuse (removed once a week)		2 780	3 105	3 501	3 501	3 501	3 859	4 298	4 967	5 215
Total cost of FBS provided (minimum social package)		9 871	11 530	13 232	13 232	13 232	14 910	16 884	19 710	20 696
Highest level of free service provided										
Property rates (R value threshold)		30 000	30 000	30 000	30 000	30 000	30 000	30 000	30 000	30 000
Water (kilolitres per household per month)		6	6	6	6	6	6	6	6	6
Sanitation (kilolitres per household per month)										
Sanitation (Rand per household per month)		52	56	62	62	62	67	72	80	80
Electricity (kwh per household per month)		50	50	50	50	50	50	50	50	50
Refuse (average litres per week)		30	30	30	30	30	30	30	30	30
Revenue cost of free services provided (R'000)	9									
Property rates (R15 000 threshold rebate)		1 693	1 891	556	556	556	-	639	741	830
Property rates (other exemptions, reductions and rebates)										
Water		3 000	3 300	3 700	3 700	3 700	4 000	4 500	5 200	5 824
Sanitation		2 900	3 200	3 600	3 600	3 600	3 900	4 400	5 100	5 712
Electricity/other energy		1 600	2 200	2 800	2 800	2 800	3 350	4 100	5 200	5 824
Refuse		2 900	3 200	3 600	3 600	3 600	3 900	4 400	5 100	5 712
Municipal Housing - rental rebates										
Housing - top structure subsidies										
Other	6									
Total revenue cost of free services provided (total social package)		12 093	13 791	14 256	14 256	14 256	15 150	18 039	21 341	23 902

PART 2

1. BUDGET PROCESS

The budget process followed by the municipality was in line with the requirements of the MFMA. The schedule of key deadlines was prepared for tabling in Council by the Mayor prior to the end of August 2010. Given the local government election during 2011, National Treasury issues guidelines regarding the budget process for 2011/12. Given the guidelines provided in the MFMA Circular 54, the municipality opted for "Option 1: Outgoing council approves 2011/12 budget". This led to the revision of initial schedule of key deadlines regarding the budget process.

The community and other stakeholders were consulted during the review of Integrated Development Plan which informed this annual budget. Further consultation will take place immediately after the annual budget and revised Integrated Development Plan have been tabled to Council.

2. Alignment of the annual budget with the integrated development plan

The tabled budget of the municipality is line with the reviewed integrated development plan. However, for the budget and the integrated development plan to fully aligned, participation from sector departments needs to improve.

3. Measurable performance objectives

The measurable performance objectives will be included in the service delivery and budget implementation plan when it is submitted to the Mayor for approval.

4. Overview of the budget-related policies

The reviewed budgeted related policies will be submitted to Council for approval. Furthermore, there is need to develop other policies as required by the Municipal Budget and Reporting Regulations. The municipality is also in the process of developing municipal bylaws to be approved by Council during the course of the financial year.

5. Overview of the budget assumptions

The budget has been compiled based on the guidelines provided by National Treasury and in line with the inflation rate. The budget has been compiled on the assumption that the economic conditions within the municipality will still continue to be under pressure and that there will be no significant reduction in unemployment rate. There is also no significant expectation that other economic factors will improve drastically.

6. Overview of the budget funding

The operating budget will be funded from operational grants as well as revenue to be collected from service charges and property rates. Government grants and subsidies make 55% of the budget while 45% will be funding from own sources.

The funding for capital budget will be from Municipal Infrastructure Grant as well as internally generated funds. Municipal Infrastructure Grant will fund 97% of the capital budget while 3% will be from internally generated funds.

7. Expenditure on allocations and grant programmes

It is the intention of the municipality to spend all of its grant allocations within the current year according to the conditions of such allocations. Performance review will be done during the mid-year budget assessment and where under spending is foreseeable, the necessary procedure will be followed to request for roll-over at year end.

8. Allocations and grants made by the municipality

There are no allocations and grants that the municipality intend to make during the 2011/12 medium term revenue and expenditure framework.

9. Councillor and board members allowances and employee benefits

The Councillor allowances and employee benefits for the budget year are reflected below. Final adjustment will be done before the budget is approved by Council during April 2011.

Employee cost: Salaries	R16 755 518
Employee cost: Social contributions	R 4 787 291
Remuneration of Councillors	R 2 349 319

10. Monthly targets of revenue, expenditure and cash flow

It is the intention of the municipality to ensure that all consumers are billed and that the municipality increase its collection rates. The expenditure pattern will be informed by the collection rates. Should the revenue collection decrease, the municipality will have to decrease expenditure. Should the revenue collection rates increase as expected, it is the intention of the municipality to contribute towards cash reserves.

The cash flow of the municipality is expected to remain positive. There is no need at this stage for the municipality to increase its overdraft facility. However, it is important that the cash flow is monitored closely to ensure that the municipality is able to meet its financial obligations.

11. Annual budgets and service delivery and budget implementation plan: internal departments

The departmental service delivery implementation plan are at a draft stage and will be completed after adoption of the annual budget in order to form the high level of the municipal service delivery and budget implementation plan to be approved by the mayor.

12. Annual budgets and service delivery agreements: municipal entities and other external mechanisms

The municipality does not have entities and there are no services that are provided through external mechanism.

13. Contracts having future budgetary implications

The municipality does not intend to enter into contracts that have future budgetary implications.

14. Capital expenditure details

The total capital expenditure budget of the municipality is R18.7 million. The details of the capital expenditure budget are as follows:

Petrusburg: Upgrading of waste water treatment works	R 407 829
Luckhoff: Construction of street and stormwater	R12 195 780
Jacobsdal: Upgrading of landfill site	R 3 968 154
Koffiefontein: Multi-purpose community centre	R 647 594
Luckhoff: Upgrading of landfill site	R 80 000

All the above projects will be funded from Municipal Infrastructure Grant which also includes operational expenditure at the Project Management Unit (PMU). There will be funding from internally generated funds towards capital to the value of R515 thousand.

15. Legislation compliance

The municipality is complying with the relevant legislation. It is the intention of the municipality to move beyond compliance and ensure that the mandate of local government as set in the Constitution is achieved.

16. Other supporting documents

The integrated development plan is attached as well as the proposed tariff list to be taken for community consultation.

17. Municipal Manager's quality certificate

The quality certificate signed by the Accounting Officer is attached as required by the Municipal Budget and Reporting Regulations.