



TSOLWANA MUNICIPALITY MTREF - 14/15 THE 2014/2015 MULTI-YEAR OPERATIONAL AND CAPITAL BUDGET

2014

2. GLOSSARY

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

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

Budget – the financial plan of the municipality

Budget related policy – policy of a municipality affecting or affected by the budget, such as the tariffs policy, rates policy and credit control and debt collection policy, etc

Capital Expenditure – Spending on assets such as land, buildings and machinery. Any capital expenditure must be reflected as an asset on the municipality's balance sheet.

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

DORA – Division of Revenue Act. Annual legislation that shows the amount of allocations from National to Local government.

Equitable share – a general grant paid to municipalities. It is predominantly targeted to help with free basic services.

CHDM – Chris Hani District Municipality

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

FMG – Finance Management Grant

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

GAAP – General Accepted Accounting Principles. World Wide Accepted Standards

GRAP – Generally Recognised Accounting Practice. The new standard for municipal accounting.

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

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

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

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

MSIG – Municipal Systems improvement Grant

Operating expenditure – spending on the day to day expenses of the municipality such as salaries and wages.

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

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

Strategic Objectives – the main priorities of the municipality as set out in the IDP. Budgeted spending must contribute towards the achievement of the strategic objectives.

Unauthorised expenditure – generally, spending without, or in excess of, and approved budget.

Virement – a transfer of budget

Virement Policy – The policy that sets out the rules for budget transfers. Virements are normally allowed within a vote. Transfers between votes must be taken and approved by Council.

Vote – one of the main segments into which a budget is divided, usually at directorate / department level.

3. MAYORAL BUDGET SPEECH

It is with great pleasure to present the 2014/2015 Budget to the Council for consideration.

We have reached that stage again where we have to reflect on our Strategic and Financial plans for the period ahead. The 2011 Local Elections gave us a clear mandate as the current leadership to provide Strategic Leadership and Service delivery to the masses of our people.

Very key to our mandate is the “Speeding- up of service delivery and expansion therefore to the rural areas of our LM”. We are mindful of the challenges facing all our people mainly:

1. Unemployment
2. Access to basic services such as water, sanitation, and electricity
3. Poor and lack of infrastructure
4. Poor Local Economic Development
5. Youth and rural development

However, Council’s objective with the Budget has not changed since the previous financial year and I am once again repeating them for your convenience. They are:

- Ensure that every citizen of the Tsolwana area shares in the services that this Municipality provides.
- Provide cost-effective and efficient services to the community as a whole.
- Improve the standard of services.
- Provide for the maintenance of existing infrastructure.
- Provide and plan for new infrastructure and new bulk services due to the growing needs of the town.
- Protect the poor by subsidising various rates and tariffs from the equitable share paid by the State, and to
- Maintain financial discipline, thereby ensuring that the finances of this Council are kept on a sound basis.

As with the budget for the present financial year our focus in compiling this budget has once again been, as it should be, on good service delivery. In this regard we have been guided by our communities, through the IDP process, as well as our able management team, the latter to guide us on the requirements to maintain and expand our infrastructure to ensure that Tsolwana is also able to cope with future development.

The needs of the community were prioritised to form the basis for the budget and to match income and resources with the needs of the community to the best of our ability. We have attempted to spread the budget as equitably as possible across the various wards.

Expenditure of course has to match revenue and it was not possible to include all requests or wishes that were tabled during the community participation processes. It is therefore inevitable that there will be some disappointments.

There is not enough time on this occasion to provide you with every detail of the 2014/2015 Budget, but I would like to highlight the following:

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- The budget for 2014/2015 consists of a Capital Budget of R13,950 million and an Operational Budget of R103 857 million. The Operational Budget, however, includes non-cash transactions to the value of R6, 881million as well as R25 million additional from prior years on the Roads project.

MIG Projects	11 741 050.00	12 134 350.00	12 490 600.00
1.1 - Municipal Manager	40 000.00	40 000.00	40 000.00
2.1 - Budget and Treasury	1 000 000.00	1 550 000.00	1 350 000.00
3.1 - Human Resources and Administration	143 500.00	210 000.00	10 000.00
4.1 - Community Services	35 000.00	160 000.00	-
4.5 - Public Safety	265 000.00	360 000.00	115 000.00
4.6 - Refuse	300 000.00	-	-
5.1 - Roads and Stormwater	250 000.00	300 000.00	250 000.00
5.2 - Electricity	175 000.00	175 000.00	180 000.00
TOTAL	13 949 550.00	14 929 350.00	14 435 600.00

- The Council's main priority have remained unchanged for infrastructure development from the prior periods and still focuses on ensuring that all members of the community have access to high quality basic services. Infrastructure spending, especially in previously disadvantaged communities, remains high and this is clearly depicted in the proposed capital budget. Included in the prior year budget and the new budget is the building of a Traffic and Testing station that will ensure future delivery to the Tsolwana area.

Detail of major capital projects:

CAPITALPROJECTS									
3	Ref	Program/Project description	6						
				Funding 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15	Budget Year +1 2015/16	Budget Year +1 2016/17	
R thousand	4								
		Buildings	All wards	MIG	2 091 150.00	4 128 500.00	-	-	
		Unknown	All wards	MIG					12 490 600.00
		Community hall 1	Khayalethu Community Hall	MIG	-	-	2 750 000.00		
		Sport field 1	Phakamisa Sportfield	MIG	-	-	3 000 000.00		
		Traffic testing station	All wards	MIG	3 340 700.00	-	-		
		Internal Roads	Ward 1, 2	MIG	5 800 000.00	1 612 550.00	1 913 450.00		
		Internal Roads 2	Ward 1	MIG	-	-	-		
		Internal roads Zola	Ward 4	MIG			3 800 000.00		
		Bridge - Bacclesfarm	Ward 3	MIG	-	6 000 000.00	-		
		Electricity 1		INEP	3 000 000.00	-	-		
		Electricity 2		INEP	-	-	-		
					14 231 850.00	11 741 050.00	11 463 450.00		12 490 600.00

- The department of Roads and Transport approved R25 million for 2014/15 and 2015/16 each for the internal roads which form part of operating expenditure.
- The national grants include the Municipal Infrastructural Grants of R12,359 million, an Expanded Public Works Integrated Grant of R1,1 million, Equitable Share to the amount of R29,358 million, Municipal Systems Improvement Grant of R934 000 and Finance Management Grant of R1,8 million.
- We will also focus on how we will "Collect" what belongs to the Kitty from those who owes so that in return we sustain this Institution. We cannot always carry

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everything ourselves without the community and stakeholders holding our hands by paying for the services they are getting. We will focus on the collection of revenues of the municipality during the coming financial year to ensure sustainability going further.

- We have increased the tariffs with 7.39% on average and the Electricity tariff, as per application to Nersa of 8.03%. Tariffs have been adjusted under refuse for those consumers other than Residential which will pay materially more than before. Different tariffs has been determined for Hofmeyr and Tarkastad on the rates levied with an average increase of between 6% and 8%. Those with higher than that will be phased in over 4 years as per the Properties rates act.
- Our commitment to the less privileged in our community remains to be a high priority of Council. This commitment is illustrated in the budget, with a large portion of the budgeted expenditure allocated to free basic services, rebates and a contribution to doubtful debts. The allocations are as follows (R'000):

Indigents are entitled to the following assistance:

1	Water - As per CHDM approval
2	50 kWh free electricity per month is granted
3	Sanitation – As per CHDM approval
4	Refuse charges fully subsidised

We have done all in our power to address service delivery requirements within our financial means and would like to thank our community for their inputs into the I.D.P. process, my fellow Councillors for their continued hard work and support, as well as the Municipal Manager and his staff for all their efforts.

Lastly we must all commit to retain and improve our Audit Outcome using this Budget as a Yard Stick. We must also commit to “Collect” what is due to us to support this Budget moving forward.

Thank you

Honourable Mayor
K Nqiqhi

4. BUDGET RELATED RESOLUTIONS

Council Resolutions

On 30 May 2014 the Council of Tsolwana Municipality Local Municipality met in the Council Chambers of Tsolwana Municipality to consider the annual budget of the municipality for the financial year 2014/15. The Council approved the following resolutions:

1. The Council of Tsolwana Municipality Local Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:

- 1.1. The draft annual budget of the municipality for the financial year 2014/15 and the multi-year and single-year capital appropriations as set out in the following tables: **see Annexure A**

- 1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table A2

- 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table A3

- 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table A4

- 1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table A5

- 1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables: **see Annexure A**

- 1.2.1. Budgeted Financial Position as contained in Table A6

- 1.2.2. Budgeted Cash Flows as contained in Table A7

- 1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in Table A8

- 1.2.4. Asset management as contained in Table A9

- 1.2.5. Basic service delivery measurement as contained in Table A10

2. The Council of Tsolwana Municipality Local Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves with effect from 1 July 2014 the tariffs as set out in **Annexure B**.

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3. That Council approves the amended budget related policies reflected in **Annexure C** for the budget year 2014/15.
4. That Council approves the filling of the vacant and new posts as identified by the Executive Management of this document subject to the public participation process.
5. That council approves the Gazette on Standard Chart of accounts for implementation together with the budget as included in Annexure A.

5. OVERVIEW OF THE BUDGET

5.1 Balanced and Credible Budget

The following Nation Treasury guidelines have been taken into consideration when preparing the budget:

- Tabling a balance and credible budget that is based on realistic estimates of revenue to be collected, taking into account both actual revenue collected in the past financial year, and revenue projects for the current financial year.
- The inclusion of all grants in the annual budget, on both the revenue and expenditure side;
- The presentation of three year capital and operating budgets;
- The revision of the IDP to be consistent with the three year budget;
- The maximum expenditure growth limit of 6% to stay within inflation targets as determined by National Treasury. The growth limit applies to own revenue sources only and exclude intergovernmental grants, for both the capital and operating budgets.
- Increases in rates and taxes have been kept within inflation targets, in support of government's macro-economic objectives and investor confidence.

Funding the Budget

Section 18(1) of the MFMA states that an annual budget may only be funded from

- Realistically anticipated revenues to be collected;
- Cash backed accumulated funds from previous year's surpluses not committed for other purposes; and
- Borrowed funds, but only for the capital budget

Achievement of these requirements in totality effectively means that council has "balanced" its budget by ensuring that budgeted outflows will be offset by a combination of planned inflows.

Credible Budget

Amongst other things, the following has been taken into consideration to ensure that this is a credible budget;

- Only activities consistent with the revised IDP have been included in the budget, taking into consideration the financial constraints of the municipality;
- It is achievable in terms of the agreed services delivery and budget implementation plan and performance targets;
- Contains revenue and expenditure projection that are consistent with current and past performance
- Does not jeopardize the financial viability of the municipality (ensures that the financial position is maintained within generally accepted prudential limits and that obligations can be met in the short, medium and long term; and
- Provided managers with appropriate levels of delegation sufficient to meet their financial management responsibilities.

The budget sets out certain service delivery levels and associated financial implications, therefore the community should realistically expect to receive these promised service delivery levels and understanding the associated financial implications.

5.2 Government Priorities Considered

THE MTREF

The budget has been prepared based on the new requirements and significant progress has been made on the implementation thereof. However, some processes are still being developed to ensure full compliance, which include activity based costing, asset management, system shortcomings, human capacity building amongst others.

Although the fact that our municipality is categorized as Low Capacity Municipality, it is also of outmost importance to ensure that Council complies with all legislative requirements, this entails the channelling of fund which would ordinarily be utilized for services delivery to the implementation of the legislative requirements.

In framing this budget, priority has been given to objectives and priorities of government based on the IDP adopted by council.

It has been difficult to balance the budget due to the small tax base of the municipality and employee cost challenges as per the salary and wage agreement within the Bargaining Council processes. Provision has been made for critical positions and certain new post as a result of the new organogram and inputs from departments.

Remuneration of councillors and its increases are not yet known however we have budgeted for an 9.03% increase as per the officials.

A bulk electricity purchase has increased drastically over the past two years as result of NERSA and ESKOM tariff increases. **Bulk electricity price increase for 2014/15 from ESKOM will be 8.03 % while municipalities budgeted for an increase of 7,39 %** .This is having a negative impact on cash flow since the cost of the electricity increased by more than what the tariff has been increased with.

By addressing the poor, as well as the successful implementation of the indigent campaign, the provision of free basic services and indigent subsidy are increasing in our new budget in comparison to previous years. Electricity income however is also increasing due to the higher demand based on more households having access to electricity and the updated indigent registers. Tsolwana is focusing on identifying those that tamper with the electricity as well as illegal connections to limit the electricity loss that was at 45% for the 2012/13 financial year.

The budgeted deficit before capital grant income is due to non-cash items. The municipality is working towards the achievement of realising a surplus in future.

The area of focus in the coming financial year will be mainly in collecting revenue, which will include sundry revenue, to ensure the financial viability of the municipality since Tsolwana Municipality is very much grant dependant at this stage. We are also embarking on

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reducing/management of our Electricity losses due to illegal bridging in our areas. We have budgeted to employ officials within the debt collection department as well as appointing a service provider to collect monies due to Tsolwana Municipality.

The effective management of assets will also be a focus area to ensure that all assets are maintained and repair based on the conditions of all assets in conjunction with the cost effectiveness thereof. Tsolwana does not have a functioned asset unit and have budgeted for a service provider to assist in unbundling of infrastructure assets as well as review of useful lives for infrastructure assets. This remains a concern since we are relying on our assets to ensure effective basic service delivery. We have budgeted for the development of a Maintenance plan in 2014/15 which did not realise in the 2013/14 year.

More budget related policies/strategies will be developed to assist the municipality to control its revenue and expenditure in future. No material changes were made to the existing budget related policies. A new valuation roll will be implemented on the 1 July 2014.

More effort must be put on the development of the Service Delivery and Budget implementation Plans (SDBIP) of departments, in order to ensure that there is a better and smooth process in the development of the two documents.

6. EXECUTIVE SUMMARY

The main objective of a municipal budget is to allocate realistically expected resources to the service delivery goals or performance objectives identified as priorities in the approved Integrated Development Plan.

South Africa's economy has continued to grow, but at a slower rate than projected. GDP growth reached 1.8 per cent in 2013 and is expected to grow to 2.7 per cent in 2014, rising to 3.5 per cent in 2016.

National Treasury's MFMA Circular No. 70 and 72 was mainly used to guide the compilation of the 2014/15 MTREF. National Treasury reminded municipalities that specific strategies and interventions are required by local government in achieving economic stability and higher levels of growth, which includes:

- Expanding public sector investment in infrastructure
- Sustainable job creation
- Municipalities must act as catalysts for economic growth
- Securing inclusive growth
- Implementing the National Development Plan
- Building an efficient developmental state

They further noted that the notion of "doing more with less" can further be supported by municipal approaches that ensure:

- Spatial strategies align public spending and unlock public and private investment,
- Focus on catalytic interventions that also promote inclusion and desegregation, and
- Provide clear signals to private sector

National Treasury also urged municipalities to adopt a conservative approach when projecting their expected revenues and cash receipts. Based on these guidelines, Tsolwana Municipality has only increased its tariffs on main services with an average of 6 per cent to 7 per cent for the 2014/15 budget period.

Below are some of the key challenges faced by Tsolwana Municipality during compilation of the budget:

- The ongoing difficulties in the national and local economy;
- Aging of infrastructure assets and the effective budgeting of repairs and maintenance of such assets;
- The need to prioritise projects and expenditure within the financial means of the municipality.
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;
- Affordability of capital projects and the resultant operational costs associated with new infrastructure projects; and
- Availability of affordable capital/borrowing.
- The increased cost of bulk electricity (due to tariff increases from Eskom), which is placing upward pressure on service tariffs to residents. Continuous high tariff

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increases are not sustainable - as there will be point where services will no-longer be affordable;

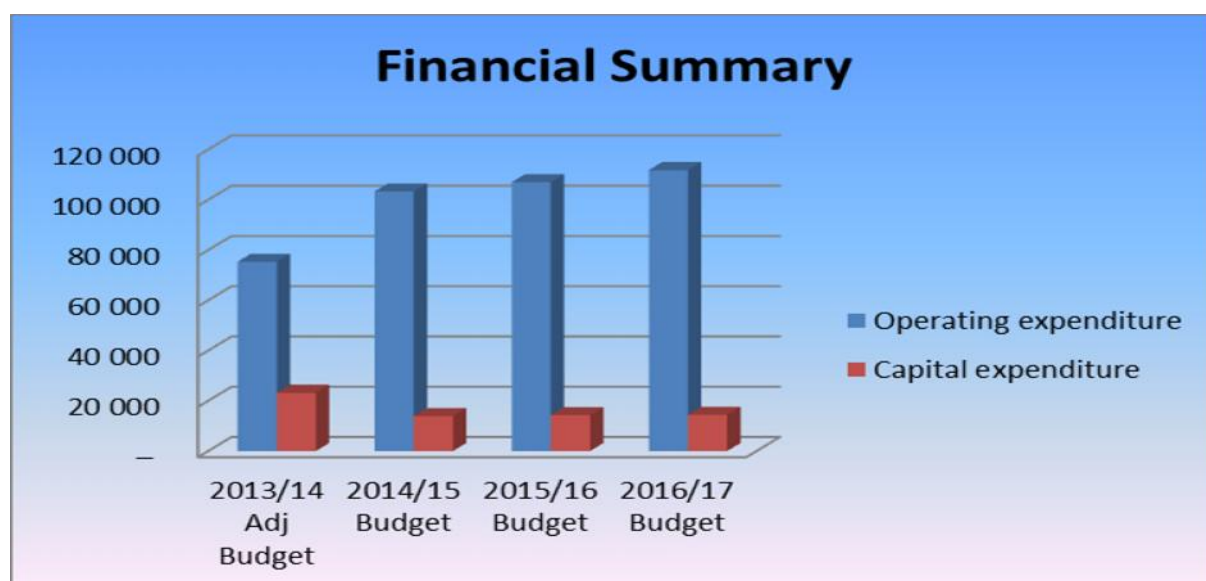
- The municipality has a challenge of not completing the MIG capital **projects** within the prescribed time frames. The latter result to unnecessary rollover of funds and explanation to the different treasuries

The following budget principles and guidelines directly informed the compilation of the 2014/15 MTREF:

- The 2013/14 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2014/15 annual budget;
- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk water, electricity and annual salary increases. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- 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;

Financial summary on 2014/15 MTREF budget

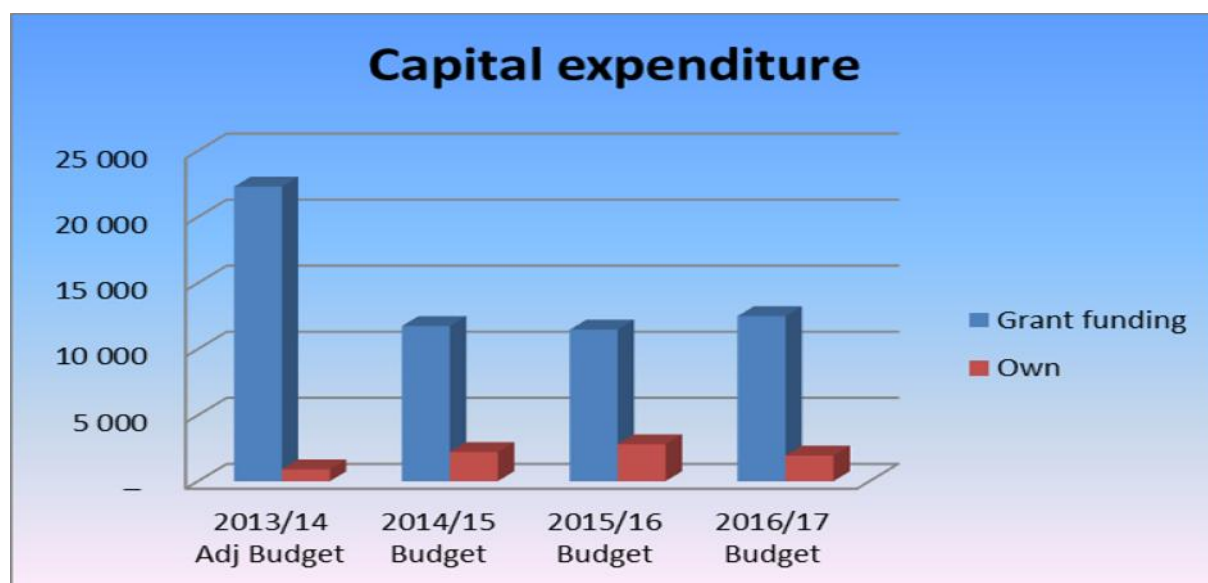
The total 2014/15 budget amount to R117,308 million. This consists of an operating budget of R103,358 million or 88% of the total budget and a capital budget of R13,950 million or 12% of the total budget. The operational budget, however includes non-cash transactions to the value of R6,881 million. If this is subtracted the operational cash budget for 2014/15 is decreased to R96,476 million



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Capital Expenditure Budget:

The following graph shows the capital budget for the 2013/14 adjustment budget and the capital budget over the MTREF:



The capital budget is R13,949 million for 2014/15. The capital program is R14,2 million in the 2015/16 financial year and R14,435 million for the 2016/17 financial years.

A reason for the decreases is due to the INEP allocation that is now going to Eskom for the Tsolwana area. Majority of assets are funded from grants.

The detailed capital projects are shown in the supporting tables to the budget document. Also below is a summary showing more detail on the capital projects. The biggest portion of the capital budget relates to Roads and Storm water for the 2014/15 financial year.

The table below indicates how the MIG grants have been allocated to the various projects. It is important to note that only one of the three projects will be a new project. The other two are current projects running over more than one year.

It is clear from the graph above that the main funding source of Tsolwana's assets are MIG grant. National Treasury also prescribes that each municipality needs to develop a policy providing for an appropriate level of cash-backing in its capital replacement reserve for the replacement of assets. Tsolwana Municipality's Funding and Reserve policy can be found as an annexure to this document. It should however be noted that Tsolwana Municipality is not yet in the financial position to make a cash-backed contribution to the replacement reserve.

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Capital projects:

CAPITAL PROJECTS										
3	Ref	Program/Project description	6		Funding 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15	Budget Year +1 2015/16	Budget Year +1 2016/17	Registered on MIS system
R thousand	4									
1.1 - Municipal Manager		Buildings	All wards	MIG	2 091 150.00		4 128 500.00	-	-	
1.1 - Municipal Manager		Unknown	All wards	MIG					12 490 600.00	
4.1 - Community Services		Community hall 1	Khayaletu Community Hall	MIG	-	-	2 750 000.00			2 750 000.00
4.4 - Sport and Recreation		Sport field 1	Phakamisa Sportfield	MIG	-		3 000 000.00			3 000 000.00
4.5 - Public Safety		Traffic testing station	All wards	MIG	3 340 700.00		-	-		
5.1 - Roads and Stormwater		Internal Roads	Ward 1, 2	MIG	5 800 000.00		1 612 550.00	1 913 450.00		9 326 000.00
5.1 - Roads and Stormwater		Internal Roads 2	Ward 1	MIG	-		-	-		
5.1 - Roads and Stormwater		Internal roads Zola	Ward 4	MIG				3 800 000.00		3 800 000.00
5.1 - Roads and Stormwater		Bridge - Bacclesfarm	Ward 3	MIG	-		6 000 000.00	-		609 000.00
5.2 - Electricity		Electricity 1		INEP	3 000 000.00		-	-		
5.2 - Electricity		Electricity 2		INEP	-		-	-		
					14 231 850.00		11 741 050.00	11 463 450.00	12 490 600.00	
Mig Allocation excluding PMU					11 231 850.00		11 741 050.00	12 134 350.00	12 490 600.00	
MIG Expenditure					-11 231 850.00		-11 741 050.00	-11 463 450.00	-12 490 600.00	
Balance with allocation					-		-	670 900.00	-	
DORA							11 741 050.00	12 134 350.00	12 490 600.00	
SLA has been signed by TLM for the internal road projects:							25 000 000.00	25 000 000.00	25 000 000.00	

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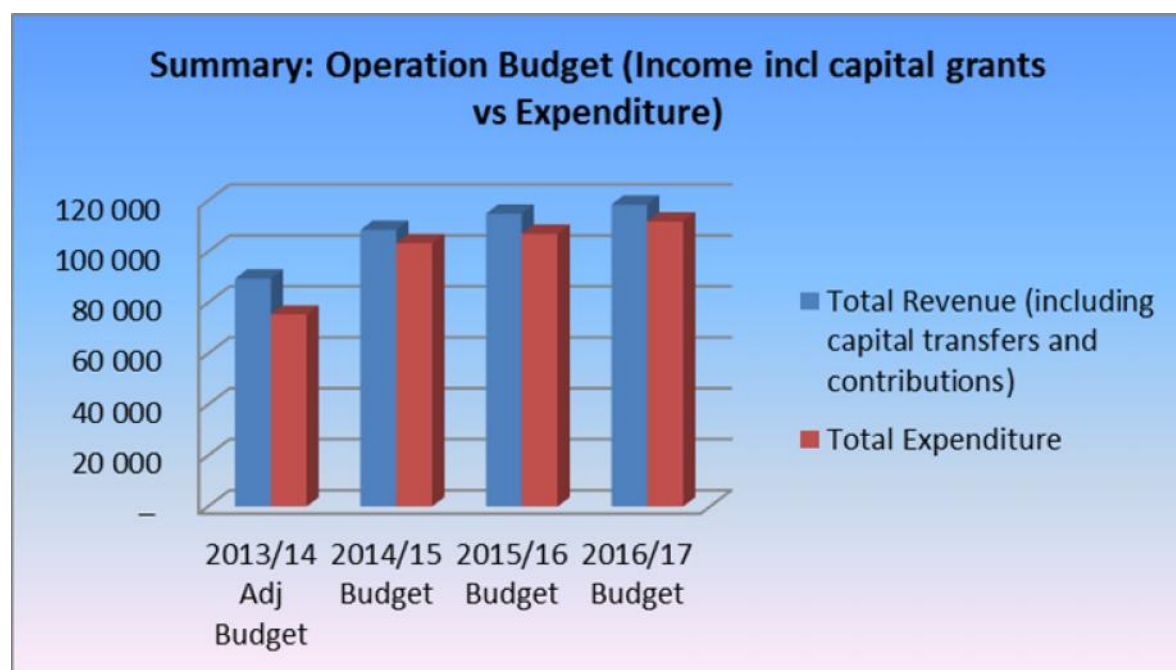
The total capital budget is as follows:

MIG Projects	11 741 050.00	12 134 350.00	12 490 600.00
1.1 - Municipal Manager	40 000.00	40 000.00	40 000.00
2.1 - Budget and Treasury	1 000 000.00	1 550 000.00	1 350 000.00
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4.1 - Community Services	35 000.00	160 000.00	-
4.5 - Public Safety	265 000.00	360 000.00	115 000.00
4.6 - Refuse	300 000.00	-	-
5.1 - Roads and Stormwater	250 000.00	300 000.00	250 000.00
5.2 - Electricity	175 000.00	175 000.00	180 000.00
TOTAL	13 949 550.00	14 929 350.00	14 435 600.00

The information above includes the moveable assets as well as the Projects as discussed above.

Operating Expenditure budget:

The following graph shows the operating budget income and expenditure separately for the 2013/14 to 2016/17 financial years:



R thousands	2013/14 Adj Budget	2014/15 Budget	2015/16 Budget	2016/17 Budget
Total Revenue (including capital grants and contributions)	89 443	108 565	114 935	118 520
Total Expenditure	75 358	103 358	107 037	111 827

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The operating budget amount to R103 358 000, which is 37,15% or R28 000 000 more than the previous year's revised budget. It should however be noted that an amount of R25 000 000 are included in the operating budget for the Roads project which were not included in the previous year revised budget. If we exclude the R25 000 000, then the increase in the operating budget is only 3,98% more than the previous year's revised budget.

There are certain expenditure items in the 2014/15 budget to the value of R6 881 472, which represents non-cash transactions. If those are subtracted from the total operating figure, the cash budget for 2014/15 amounts to R96 477 000

The following table gives a breakdown per category of expenditure for the 2014/15 financial year:

	<u>Sum of 2014/2015</u>		<u>Sum of 2015-2016</u>		<u>Sum of 2016/2017</u>	
Total operating expenditure	103 357 970.17		107 036 754.21		111 826 703.95	
Audit Fees	2 461 741.99	2%	2 627 916.19	2%	2 800 707.81	0.03
Bulk - electricity	9 507 940.06	9%	10 274 280.02	10%	11 102 386.99	10%
Bulk - water	270 150.00	0%	291 924.09	0%	315 453.17	0%
Debt Impairment	5 935 021.85	6%	6 706 536.31	6%	6 342 463.78	6%
Depreciation and Amortisation	6 881 472.27	7%	7 617 507.49	7%	8 369 346.24	7%
Employee related costs	26 806 687.88	26%	29 192 483.10	27%	31 790 614.09	28%
Finance Charges	120 000.00	0%	128 400.00	0%	137 388.00	0%
General expenses	12 593 018.50	12%	12 245 784.78	11%	12 671 694.29	11%
GRANTS AND SUBSIDIES	5 000.00	0%	7 500.00	0%	10 000.00	0%
Losses	10 000.00	0%	11 100.00	0%	12 310.00	0%
Operating grant Expenditure	30 033 944.50	29%	28 449 099.01	27%	28 688 469.77	26%
Remuneration of Councillors	2 890 293.13	3%	3 147 529.22	3%	3 427 659.32	3%
Repairs and Maintenance	3 854 800.00	4%	4 291 794.00	4%	4 052 890.48	4%
Free basic - refuse	1 037 900.00	1%	1 037 900.00	1%	1 037 900.00	1%
Free basic - Electricity	950 000.00	1%	1 007 000.00	1%	1 067 420.00	1%

The following should be taken into consideration with above mentioned figures:

- The Operating grant expenditure component includes and amount of R25 000 000 for each of the next 3 financial years on the Roads project, funded by Department of Roads.
- The employee related costs are just below the national norm of 30%. If we however exclude the abovementioned expenditure, then the percentage will increase to 34% which is above the national norm.
- Repairs and maintenance expenditure is not yet at an acceptable level, however Tsolwana municipality is working towards increasing the maintenance cost to ensure proper maintenance of the assets to ensure continuous service deliver. It should however be noted that the portion that relates to employee cost hours are included under employee related cost.
- The total expenditure for the 2014/15 financial year also includes the following expenses which council needs to consider with the approval of the budget:
 - Implementation of Standard Chart of accounts
The total value of the expenditure budget is R1 280 000, for the commissioning of the SCOA project as per the communications

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from National Treasury and the Government Gazette dated 22 April 2014. This excludes the capital portion that relates to the IT environment.

- The operational budget includes an amount of R6 881 472 for depreciation on Property plant and equipment. This is however not cash backed to ensure a contribution to the capital replacement reserve.
- The operational budget includes the Water and Sanitation operational budget to an amount of R16 500 000. Tsolwana Municipality is the Water service provider and Chris Hani District Municipality is the Water service authority.

Operating Revenue budget:

The operating revenue budget amount to R108 565 000. This includes capital transfers and other non-cash income to the value of R11 741 000. If these items are excluded the total operating revenue budget amounts to R96 824 000.

The table below gives a list of all sources of revenue:

	<u>Sum of 2014/2015</u>		<u>Sum of 2015-2016</u>		<u>Sum of 2016/2017</u>	
Total Revenue	-108 565 326.85		-114 935 093.14		-118 519 764.29	
Agency Services	-9 686 574.00	9%	-10 490 815.00	9%	-9 734 615.44	8%
Fines	-500 000.00	0%	-550 000.00	0%	-600 000.00	1%
Gain on disposal of Property, Plant and Equipment	-30 000.00	0%	-30 000.00	0%	-30 000.00	0%
Government Grants and Subsidies - Capital	-11 741 050.00	11%	-11 463 450.00	10%	-12 490 600.00	11%
Government Grants and Subsidies - Operating	-62 579 547.13	58%	-66 436 250.00	58%	-67 803 301.01	57%
Interest earned - external investments	-502 000.00	0%	-532 120.00	0%	-564 047.20	0%
interest earned - outstanding debtors	-1 028 000.00	1%	-1 122 150.00	1%	-1 206 683.00	1%
Other income	-114 220.00	0%	-121 980.00	0%	-129 413.60	0%
Property Rates	-3 137 575.72	3%	-3 295 830.26	3%	-3 463 580.08	3%
Rental of Facilities and Equipment	-75 260.00	0%	-119 916.00	0%	-126 460.96	0%
Refuse	-1 550 000.00	1%	-1 777 500.00	2%	-1 876 350.00	2%
Electricity	-8 981 100.00	8%	-9 663 881.88	8%	-10 417 017.00	9%
Water	-6 048 000.00	6%	-6 531 840.00	6%	-7 054 387.20	6%
Sanitation	-2 592 000.00	2%	-2 799 360.00	2%	-3 023 308.80	3%

It is clear from the above table that Tsolwana Municipality is depending a lot on Government Grants. The operating grants consist mainly out of the following:

- Equitable share R31 320 000
- Department of Roads R25 000 000
- FMG R 1 800 000
- MSIG R 934 000
- EPWP R 1 177 000
- PMU (portion of MIG) R 617 950

Service charges contributes, 17 per cent or R19 171 000 to the total revenue of the municipality.

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PROPOSED RATES AND TARIFFS FOR 2014/15

Attach hereto is a list of all the tariffs of the Council. The annexure shows the tariffs for the present financial year as well as the tariffs and proposed increases for the 2014/15 financial year. Councillors are requested to peruse through this tariff listing and thoroughly consider the proposed tariff increases. It should be noted that the tariffs for Water and Sanitation are determined by Chris Hani District Municipality and are available from their budget.

Electricity Tariffs:

At the time of finalising the budget for 2014/15, NERSA has approved the Eskom price increases as follows:

- Eskom tariff increase in respect of purchase of electricity 8.06%
- Municipal electricity tariff increase on sales to consumers 7.39%

Tsolwana Municipality is experiencing a material loss in electricity mainly due to age of the infrastructure and people stealing electricity. The focus will be on reducing the loss through installation of pre-paid meters to all households during 2014/15 and identifying those who are stealing. Hence the material fine should a consumer be guilty of stealing.

Refuse Tariffs:

The service categorised as an economic service, which means that it is supposed to pay for itself from service fees or even making a small profit. It was found that a flat rate have been charged throughout the municipality for different types of consumers. The Tariffs was however adjusted for different types of consumers, using other local municipalities within the district with more or less similar size, as baseline in determining those tariffs. The increase however approved for households is 6%.

Property Rates:

Property rates are levied in terms of the property rates act and the income generated from this service is used to balance the budget. It does not pay for a specific service. The rates policy which must also be approved by Council is also attached hereto.

A new valuation roll will be implemented as from 1 July 2014. Due to material increases in valuations in Tarkastad and non-material increases in Hofmeyr area, different tariffs are approved for the two main areas. Although the tariff decreased in some instances comparing to the prior year, it should be noted that the valuation increased and therefore the increase, affecting the consumer is between 6% and 8%. Those affected with more will be phased in as per the Property rates act.

It is further recommended that, as in the previous financial year, the first R15 000 valuation of any residential property is exempted in terms of the Property rates act and a rebate be granted of 25% to all farmers.

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Subsidies and Rebates:

The criteria for indigent households are, inter alia, based on the income of that household which must be less than R2 500 per month.

These households will then receive the following services free of charge:

Electricity	:	50kwh
Water	:	As per CHDM tariffs
Sanitation	:	As per CHDM tariffs
Refuse	:	No service charges
Property rates	:	First R30 000



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FINAL COMMENTS










The Municipal Finance Management Act deals with key aspects regarding the responsibility of the accounting officer and management to exercise their financial management responsibilities in such a way that the financial and other resources of the municipality are utilised effectively, efficiently, economically and transparently. The responsibility of each Senior Manager to which funds are allocated in the budget, is to plan and to conduct operations that available funds are spend timeously and effectively to maintain and improve service delivery. Management should also strive on a continuous basis to prevent any unauthorised, fruitless, irregular and wasteful expenditure.

An unqualified audit opinion are evident of the dedication of the management and all personnel to reach these high standards and to achieve a clean audit.

Maintenance and renewal of infrastructure must remain a priority to ensure continuous sustainable and high levels of service delivery. In this light it is of outmost importance for this municipality to reduce spending levels on lessor important services and increase spending on existing infrastructure over the next 5 years. We are however not on the level of spending on the maintenance of the Infrastructure.

BUDGET RELATED POLICIES OF COUNCIL

The following policies are submitted annually as part of the budget documentation:

-  Rates Policy
-  Tariff Policy
-  Cash Management and Investment Policy
-  Credit Control and Debt collection Policy
-  Indigent Policy
-  Funding and Reserve Policy
-  Budget Policy
-  Asset Management Policy
-  Debt and Borrowing Policy

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7. ANNUAL BUDGET TABLES & GRAPHS

7.1 BUDGET TABLES

7.1.1 A1 Budget Summary

EC132 Tsolwana - Table A1 Budget Summary

Description	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Financial Performance										
Property rates	1 124	1 360	1 510	1 580	1 734	1 734	-	3 138	3 296	3 464
Service charges	4 648	8 035	7 015	11 433	15 574	15 574	-	19 171	20 773	22 371
Investment revenue	567	378	300	238	470	470	-	502	532	564
Transfers recognised - operational	29 921	26 562	30 757	32 614	39 337	39 337	-	62 580	66 436	67 803
Other own revenue	970	8 636	9 126	9 276	10 066	10 066	-	11 434	12 435	11 827
Total Revenue (excluding capital transfers and contributions)	37 229	44 970	48 707	55 141	67 180	67 180	-	96 824	103 472	106 029
Employee costs	14 235	17 434	20 068	20 857	23 554	23 554	-	26 807	29 192	31 791
Remuneration of councillors	1 999	2 192	2 319	2 540	2 644	2 644	-	2 890	3 148	3 428
Depreciation & asset impairment	5 474	5 704	3 463	6 244	6 249	6 249	-	6 881	7 618	8 369
Finance charges	31	-	54	-	60	60	-	120	128	137
Materials and bulk purchases	5 371	6 389	7 796	9 049	9 049	9 049	-	9 778	10 566	11 418
Transfers and grants	-	2 604	-	2 911	4 389	4 389	-	1 993	2 052	2 115
Other expenditure	17 428	26 635	22 864	20 060	29 413	29 413	-	54 889	54 332	54 569
Total Expenditure	44 537	60 958	56 565	61 661	75 358	75 358	-	103 358	107 037	111 827
Surplus/(Deficit)	(7 308)	(15 987)	(7 858)	(6 520)	(8 178)	(8 178)	-	(6 534)	(3 565)	(5 798)
Transfers recognised - capital	9 842	10 858	13 347	14 397	22 263	22 263	-	11 741	11 463	12 491
Contributions recognised - capital & contributed	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	2 534	(5 130)	5 490	7 877	14 085	14 085	-	5 207	7 898	6 693
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	2 534	(5 130)	5 490	7 877	14 085	14 085	-	5 207	7 898	6 693
Capital expenditure & funds sources										
Capital expenditure	10 718	9 865	10 016	15 294	23 188	23 188	-	13 950	14 258	14 436
Transfers recognised - capital	8 007	9 157	9 845	14 397	22 286	22 286	-	11 741	11 463	12 491
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	2 510	707	171	897	902	902	-	2 209	2 795	1 945
Total sources of capital funds	10 517	9 865	10 016	15 294	23 188	23 188	-	13 950	14 258	14 436
Financial position										
Total current assets	22 442	15 033	18 243	16 501	8 441	8 441	-	12 634	13 479	16 493
Total non current assets	89 076	91 897	96 571	118 156	126 050	126 050	-	133 028	139 669	145 735
Total current liabilities	8 988	9 923	14 744	3 385	3 385	3 385	-	8 067	10 142	14 470
Total non current liabilities	2 957	5 694	4 552	5 314	5 314	5 314	-	9 164	11 222	14 470
Community wealth/Equity	99 573	91 312	95 518	125 793	125 793	125 793	-	128 431	131 784	133 289
Cash flows										
Net cash from (used) operating	5 542	6 413	11 742	20 726	20 726	20 726	-	14 782	14 717	17 546
Net cash from (used) investing	(9 400)	(8 344)	(10 024)	(15 294)	(23 188)	(23 188)	-	(13 980)	(14 288)	(14 466)
Net cash from (used) financing	(30)	98	(64)	3	3	3	-	-	-	-
Cash/cash equivalents at the year end	10 384	8 551	10 205	14 071	6 176	6 176	8 636	9 438	9 867	12 947
Cash backing/surplus reconciliation										
Cash and investments available	10 278	8 445	10 701	14 071	6 011	6 011	-	9 438	9 867	12 947
Application of cash and investments	(9 912)	6 296	7 324	(924)	(442)	(442)	-	3 519	4 720	7 327
Balance - surplus (shortfall)	20 190	2 149	3 376	14 995	6 453	6 453	-	5 919	5 146	5 620
Asset management										
Asset register summary (WDV)	107 106	115 464	124 818	80 387	164 709	164 709	178 258	178 258	191 427	205 112
Depreciation & asset impairment	5 474	5 704	3 463	6 244	6 249	6 249	6 881	6 881	7 618	8 369
Renewal of Existing Assets	-	-	-	-	-	-	-	-	-	-
Repairs and Maintenance	-	-	-	3 624	-	-	3 855	3 855	4 292	4 053
Free services										
Cost of Free Basic Services provided	-	-	-	711	711	711	-	-	-	-
Revenue cost of free services provided	-	-	-	2 200	5 187	5 187	-	-	-	-
Households below minimum service level										
Water:	-	-	-	2	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	1	2	2	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	7	7	-	-	-	-

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7.1.2 A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

EC132 Tsolwana - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand										
Revenue - Standard										
Governance and administration		18 147	16 511	20 690	23 495	23 179	23 179	28 760	28 564	41 819
Executive and council		3 627	4 651	7 237	8 862	8 842	8 842	12 068	9 455	22 146
Budget and treasury office		10 463	7 110	8 398	9 204	10 279	10 279	12 989	14 619	15 144
Corporate services		4 057	4 750	5 055	5 428	4 058	4 058	3 702	4 490	4 529
Community and public safety		6 121	4 588	4 607	5 761	10 590	10 590	2 402	5 767	2 884
Community and social services		564	549	638	908	826	826	826	943	973
Sport and recreation		5 296	3 768	2 286	3 983	8 775	8 775	316	3 395	401
Public safety		261	271	1 683	870	990	990	1 260	1 429	1 510
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		11 038	9 017	13 653	10 739	17 583	17 583	39 683	39 892	30 951
Planning and development		8 343	4 496	9 907	3 679	6 478	6 478	5 728	7 687	5 198
Road transport		2 695	4 522	3 746	7 060	11 106	11 106	33 955	32 205	25 753
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		11 765	25 711	23 104	29 543	38 090	38 090	37 721	40 712	42 865
Electricity		9 139	12 161	10 918	13 675	16 466	16 466	16 182	16 607	17 868
Water		-	5 251	5 077	6 605	10 854	10 854	11 448	12 462	12 654
Waste water management		-	3 704	3 438	4 331	4 766	4 766	5 018	5 478	6 003
Waste management		2 626	4 596	3 672	4 932	6 005	6 005	5 073	6 165	6 339
Other	4	-	-	-	-	-	-	-	-	-
Total Revenue - Standard	2	47 071	55 828	62 055	69 538	89 443	89 443	108 565	114 935	118 520
Expenditure - Standard										
Governance and administration		15 883	22 644	20 767	20 616	22 291	22 291	25 913	27 021	28 944
Executive and council		6 016	8 777	6 286	6 882	8 251	8 251	8 772	9 485	10 121
Budget and treasury office		6 710	9 092	9 098	8 252	9 977	9 977	12 478	12 319	13 201
Corporate services		3 157	4 775	5 383	5 481	4 062	4 062	4 664	5 217	5 622
Community and public safety		820	1 534	1 308	2 110	2 158	2 158	2 245	2 516	2 656
Community and social services		480	669	669	752	826	826	831	949	980
Sport and recreation		338	653	100	532	267	267	316	385	401
Public safety		2	211	539	825	1 065	1 065	1 098	1 182	1 275
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		26 985	6 294	9 548	8 723	15 552	15 552	37 141	36 864	37 448
Planning and development		26 947	5 730	5 100	3 607	8 107	8 107	5 715	4 800	5 225
Road transport		38	564	4 448	5 117	7 445	7 445	31 427	32 064	32 223
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		5 758	30 486	24 942	30 212	35 358	35 358	38 059	40 637	42 779
Electricity		4 425	9 469	10 670	13 400	13 480	13 480	15 719	16 308	17 614
Water		-	7 301	5 848	6 605	10 853	10 853	11 475	12 492	12 687
Waste water management		-	8 150	3 457	4 331	5 019	5 019	5 042	5 504	6 032
Waste management		1 333	5 566	4 967	5 876	6 005	6 005	5 822	6 332	6 447
Other	4	-	-	-	-	-	-	-	-	-
Total Expenditure - Standard	3	49 445	60 958	56 565	61 661	75 358	75 358	103 358	107 037	111 827
Surplus/(Deficit) for the year		(2 374)	(5 130)	5 490	7 877	14 085	14 085	5 207	7 898	6 693

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7.1.3 A3 Budgeted Financial Performance (revenue and expenditure by Municipal vote)

EC132 Tsolwana - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand										
Revenue by Vote	1									
Vote 1 - Executive and Council		3 627	4 651	7 237	8 862	8 842	8 842	12 068	9 455	22 146
Vote 2 - Budget and Treasury		10 463	7 110	8 398	9 204	10 279	10 279	12 989	14 619	15 144
Vote 3 - Corporate services		4 057	4 750	5 055	5 428	4 058	4 058	3 702	4 490	4 529
Vote 4 - Community and Social Services		17 090	13 680	18 185	14 372	23 073	23 073	13 202	19 619	14 422
Vote 5 - Technical Services		11 834	25 637	23 179	31 671	43 191	43 191	66 604	66 752	62 278
Total Revenue by Vote	2	47 071	55 828	62 055	69 538	89 443	89 443	108 565	114 935	118 520
Expenditure by Vote to be appropriated	1									
Vote 1 - Executive and Council		6 016	8 777	6 286	6 882	8 251	8 251	8 772	9 485	10 121
Vote 2 - Budget and Treasury		6 710	9 092	9 098	8 252	9 977	9 977	12 478	12 319	13 201
Vote 3 - Corporate services		3 157	4 775	5 383	5 481	4 062	4 062	4 664	5 217	5 622
Vote 4 - Community and Social Services		29 100	12 829	11 375	11 593	16 270	16 270	13 782	13 647	14 327
Vote 5 - Technical Services		4 462	25 484	24 423	29 452	36 798	36 798	63 663	66 369	68 556
Total Expenditure by Vote	2	49 445	60 958	56 565	61 661	75 358	75 358	103 358	107 037	111 827
Surplus/(Deficit) for the year	2	(2 374)	(5 130)	5 490	7 877	14 085	14 085	5 207	7 898	6 693

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7.1.4 A4 Budgeted financial Performance (revenue and Expenditure)

EC132 Tsolwana - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue By Source											
Property rates	2	1 124	1 360	1 510	1 580	1 734	1 734	-	3 138	3 296	3 464
Property rates - penalties & collection charges											
Service charges - electricity revenue	2	3 940	4 670	4 889	6 293	6 074	6 074	-	8 981	9 664	10 417
Service charges - water revenue	2	-	237	800	1 505	5 600	5 600	-	6 048	6 532	7 054
Service charges - sanitation revenue	2	-	1 787	726	2 031	2 400	2 400	-	2 592	2 799	3 023
Service charges - refuse revenue	2	708	1 342	599	1 604	1 500	1 500	-	1 550	1 778	1 876
Service charges - other		-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		85	58	60	60	71	71	-	75	120	126
Interest earned - external investments		567	378	300	238	470	470	-	502	532	564
Interest earned - outstanding debtors		388	1 224	1 367	1 133	1 410	1 410	-	1 028	1 122	1 207
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines		6	5	3	550	240	240	-	500	550	600
Licences and permits		-	-	-	-	-	-	-	-	-	-
Agency services		255	7 135	7 408	7 435	8 255	8 255	-	9 687	10 491	9 735
Transfers recognised - operational		29 921	26 562	30 757	32 614	39 337	39 337	-	62 580	66 436	67 803
Other revenue	2	208	195	287	99	90	90	-	114	122	129
Gains on disposal of PPE		28	19	0	-	-	-	-	30	30	30
Total Revenue (excluding capital transfers and contributions)		37 229	44 970	48 707	55 141	67 180	67 180	-	96 824	103 472	106 029
Expenditure By Type											
Employee related costs	2	14 235	17 434	20 068	20 857	23 554	23 554	-	26 807	29 192	31 791
Remuneration of councillors		1 999	2 192	2 319	2 540	2 644	2 644	-	2 890	3 148	3 428
Debt impairment	3	2 066	7 521	3 602	1 180	2 918	2 918	-	5 935	6 707	6 342
Depreciation & asset impairment	2	5 474	5 704	3 463	6 244	6 249	6 249	-	6 881	7 618	8 369
Finance charges		31	-	54	-	60	60	-	120	128	137
Bulk purchases	2	5 371	6 389	7 796	9 049	9 049	9 049	-	9 778	10 566	11 418
Other materials	8	-	-	-	-	-	-	-	-	-	-
Contracted services		-	-	-	-	-	-	-	-	-	-
Transfers and grants		-	2 604	-	2 911	4 389	4 389	-	1 993	2 052	2 115
Other expenditure	4, 5	15 362	19 114	19 261	18 880	26 495	26 495	-	48 954	47 626	48 226
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-
Total Expenditure		44 537	60 958	56 565	61 661	75 358	75 358	-	103 358	107 037	111 827
Surplus/(Deficit)		(7 308)	(15 987)	(7 858)	(6 520)	(8 178)	(8 178)	-	(6 534)	(3 565)	(5 798)
Transfers recognised - capital		9 842	10 858	13 347	14 397	22 263	22 263	-	11 741	11 463	12 491
Contributions recognised - capital		-	-	-	-	-	-	-	-	-	-
Contributed assets		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		2 534	(5 130)	5 490	7 877	14 085	14 085	-	5 207	7 898	6 693
Taxation		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		2 534	(5 130)	5 490	7 877	14 085	14 085	-	5 207	7 898	6 693
Attributable to minorities		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		2 534	(5 130)	5 490	7 877	14 085	14 085	-	5 207	7 898	6 693
Share of surplus/ (deficit) of associate	7	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year		2 534	(5 130)	5 490	7 877	14 085	14 085	-	5 207	7 898	6 693

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7.1.5 A5 Budgeted Capital Expenditure by vote, detailed standard classification and funding

EC132 Tsolwana - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Capital expenditure - Municipal Vote											
Multi-year expenditure appropriation	2										
Vote 1 - Executive and Council		-	-	-	-	-	-	-	-	-	-
1.1 - Municipal Manager		-	-	-	-	-	-	-	-	-	-
1.2 - Council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Budget and Treasury		-	-	-	-	-	-	-	-	-	-
2.1 - Budget and Treasury		-	-	-	-	-	-	-	-	-	-
Vote 3 - Corporate services		-	-	-	-	-	-	-	-	-	-
3.1 - Human Resources and Administration		-	-	-	-	-	-	-	-	-	-
Vote 4 - Community and Social Services		-	-	-	-	-	-	-	-	-	-
4.1 - Community Services		-	-	-	-	-	-	-	-	-	-
4.2 - Libraries		-	-	-	-	-	-	-	-	-	-
4.3 - Cemeteries		-	-	-	-	-	-	-	-	-	-
4.4 - Sport and Recreation		-	-	-	-	-	-	-	-	-	-
4.5 - Public Safety		-	-	-	-	-	-	-	-	-	-
4.6 - Refuse		-	-	-	-	-	-	-	-	-	-
Vote 5 - Technical Services		-	-	-	-	-	-	-	-	-	-
5.1 - Roads and Stormwater		-	-	-	-	-	-	-	-	-	-
5.2 - Electricity		-	-	-	-	-	-	-	-	-	-
5.3 - Water		-	-	-	-	-	-	-	-	-	-
5.4 - Sanitation		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total		-	-	-	-	-	-	-	-	-	-
Capital expenditure - Municipal Vote											
Single-year expenditure appropriation	2										
Vote 1 - Executive and Council		16	-	56	2 126	2 131	2 131	-	4 169	40	12 531
1.1 - Municipal Manager		15	-	-	2 126	2 131	2 131	-	4 169	40	12 531
1.2 - Council		1	-	56	-	-	-	-	-	-	-
Vote 2 - Budget and Treasury		83	85	66	165	365	365	-	1 000	1 550	1 350
2.1 - Budget and Treasury		83	85	66	165	365	365	-	1 000	1 550	1 350
Vote 3 - Corporate services		303	75	24	28	60	60	-	144	210	10
3.1 - Human Resources and Administration		303	75	24	28	60	60	-	144	210	10
Vote 4 - Community and Social Services		6 098	3 042	7 362	3 794	8 968	8 968	-	600	6 270	115
4.1 - Community Services		1 628	1 570	3 836	278	786	786	-	35	2 910	-
4.2 - Libraries		47	-	-	-	-	-	-	-	-	-
4.3 - Cemeteries		27	-	-	-	-	-	-	-	-	-
4.4 - Sport and Recreation		4 396	1 472	1 532	100	705	705	-	-	3 000	-
4.5 - Public Safety		-	-	1 994	3 416	7 477	7 477	-	265	360	115
4.6 - Refuse		-	-	-	-	-	-	-	300	-	-
Vote 5 - Technical Services		4 019	6 663	2 508	9 181	11 665	11 665	-	8 038	6 188	430
5.1 - Roads and Stormwater		1 910	3 444	780	5 916	8 400	8 400	-	7 863	6 013	250
5.2 - Electricity		2 109	3 219	1 728	3 265	3 265	3 265	-	175	175	180
5.3 - Water		-	-	-	-	-	-	-	-	-	-
5.4 - Sanitation		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		10 517	9 865	10 016	15 294	23 188	23 188	-	13 950	14 258	14 436
Total Capital Expenditure		10 517	9 865	10 016	15 294	23 188	23 188	-	13 950	14 258	14 436

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7.1.6 A6 Budgeted Financial Position

EC132 Tsolwana - Table A6 Budgeted Financial Position

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
ASSETS											
Current assets											
Cash		10 433	8 445	10 701	14 071	6 011	6 011		9 438	9 867	12 947
Call investment deposits	1	-	-	-	-	-	-	-	-	-	-
Consumer debtors	1	11 255	5 708	4 100	2 401	2 401	2 401	-	3 145	3 575	3 506
Other debtors		478	1	2 607	-	-	-	-	-	-	-
Current portion of long-term receivables		-	-	-	-	-	-	-	-	-	-
Inventory	2	276	879	835	30	30	30	-	50	38	40
Total current assets		22 442	15 033	18 243	16 501	8 441	8 441	-	12 634	13 479	16 493
Non current assets											
Long-term receivables		-	-	-	-	-	-	-	-	-	-
Investments		-	-	-	-	-	-	-	-	-	-
Investment property		27 713	27 713	27 145	29 013	29 013	29 013	-	29 013	29 013	29 013
Investment in Associate		-	-	-	-	-	-	-	-	-	-
Property, plant and equipment	3	59 305	64 036	69 372	88 704	96 599	96 599	-	103 667	110 308	116 374
Agricultural		-	-	-	-	-	-	-	-	-	-
Biological		-	-	-	-	-	-	-	-	-	-
Intangible		148	148	54	148	148	148	-	348	348	348
Other non-current assets		1 910	-	-	290	290	290	-	-	-	-
Total non current assets		89 076	91 897	96 571	118 156	126 050	126 050	-	133 028	139 669	145 735
TOTAL ASSETS		111 518	106 930	114 814	134 657	134 492	134 492	-	145 662	153 148	162 229
LIABILITIES											
Current liabilities											
Bank overdraft	1	155	-	-	-	-	-	-	-	-	-
Borrowing	4	50	-	50	-	-	-	-	-	-	-
Consumer deposits		93	98	101	100	100	100	-	101	101	102
Trade and other payables	4	7 496	9 826	13 118	3 285	3 285	3 285	-	7 966	10 041	14 368
Provisions		1 193	-	1 476	-	-	-	-	-	-	-
Total current liabilities		8 988	9 923	14 744	3 385	3 385	3 385	-	8 067	10 142	14 470
Non current liabilities											
Borrowing		128	128	11	-	-	-	-	-	-	-
Provisions		2 829	5 566	4 540	5 314	5 314	5 314	-	9 164	11 222	14 470
Total non current liabilities		2 957	5 694	4 552	5 314	5 314	5 314	-	9 164	11 222	14 470
TOTAL LIABILITIES		11 945	15 618	19 296	8 699	8 699	8 699	-	17 231	21 365	28 940
NET ASSETS	5	99 573	91 312	95 518	125 958	125 793	125 793	-	128 431	131 784	133 289
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)	4	99 573	91 312	95 518	124 043	124 043	124 043	-	128 102	131 284	132 739
Reserves		-	-	-	1 750	1 750	1 750	-	329	500	550
Minorities' interests		-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	5	99 573	91 312	95 518	125 793	125 793	125 793	-	128 431	131 784	133 289

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7.1.7 A7 Budgeted Cash Flows

EC132 Tsolwana - Table A7 Budgeted Cash Flows

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Ralepayers and other		8 883	8 660	11 062	24 123	24 123	24 123		32 685	30 298	31 166
Government - operating	1	29 921	37 586	48 614	32 614	32 614	32 614		62 580	66 436	67 803
Government - capital	1	9 842	1 602	1 668	14 397	14 397	14 397		11 741	11 463	12 491
Interest		955			918	918	918		1 530	1 654	1 771
Dividends											
Payments											
Suppliers and employees		(44 025)	(41 338)	(49 547)	(51 326)	(51 326)	(51 326)		(91 760)	(93 083)	(93 569)
Finance charges		(31)	(95)	(54)							
Transfers and Grants	1	(3)	(1)						(1 993)	(2 052)	(2 115)
NET CASH FROM/(USED) OPERATING ACTIVITIES		5 542	6 413	11 742	20 726	20 726	20 726	-	14 782	14 717	17 546
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		(9 428)	(8 358)	(10 016)	-	-	-		(30)	(30)	(30)
Decrease (Increase) in non-current debtors		28		-							
Decrease (increase) other non-current receivables				-							
Decrease (increase) in non-current investments			19	-							
Payments											
Capital assets			(6)	(8)	(15 294)	(23 188)	(23 188)		(13 950)	(14 258)	(14 436)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(9 400)	(8 344)	(10 024)	(15 294)	(23 188)	(23 188)	-	(13 980)	(14 288)	(14 466)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans				(67)							
Borrowing long term/refinancing		(36)		-							
Increase (decrease) in consumer deposits		6	98	3	3	3	3				
Payments											
Repayment of borrowing											
NET CASH FROM/(USED) FINANCING ACTIVITIES		(30)	98	(64)	3	3	3	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		(3 888)	(1 833)	1 654	5 435	(2 460)	(2 460)	-	802	428	3 080
Cash/cash equivalents at the year begin:	2	14 271	10 384	8 551	8 636	8 636	8 636	8 636	8 636	9 438	9 867
Cash/cash equivalents at the year end:	2	10 384	8 551	10 205	14 071	6 176	6 176	8 636	9 438	9 867	12 947

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7.1.8 A8 Cash backed reserves / accumulated surplus reconciliation

EC132 Tsolwana - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Cash and investments available											
Cash/cash equivalents at the year end	1	10 384	8 551	10 205	14 071	6 176	6 176	8 636	9 438	9 867	12 947
Other current investments > 90 days		(106)	(106)	495	-	(165)	(165)	(8 636)	-	-	-
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		10 278	8 445	10 701	14 071	6 011	6 011	-	9 438	9 867	12 947
Application of cash and investments											
Unspent conditional transfers		4 231	4 392	8 040	730	730	730	-	2 836	2 900	4 550
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	(14 143)	1 903	(716)	(1 654)	(1 172)	(1 172)	-	683	1 820	2 777
Other provisions		-	-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:		(9 912)	6 296	7 324	(924)	(442)	(442)	-	3 519	4 720	7 327
Surplus(shortfall)		20 190	2 149	3 376	14 995	6 453	6 453	-	5 919	5 146	5 620

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7.1.9 A9 Asset management

EC132 Tsolwana - Table A9 Asset Management

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand										
CAPITAL EXPENDITURE										
Total New Assets	1	10 517	9 865	10 016	15 294	23 188	23 188	13 950	14 258	14 436
Infrastructure - Road transport		3 043	3 444	780	5 900	15 652	15 652	7 613	5 713	-
Infrastructure - Electricity		391	3 219	1 728	3 000	3 000	3 000	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		3 434	6 663	2 508	8 900	18 652	18 652	7 613	5 713	-
Community		4 876	2 875	5 141	-	1 313	1 313	250	6 050	250
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	2 207	327	2 366	6 344	3 174	3 174	5 487	1 895	13 736
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	50	50	50	600	600	450
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	3 043	3 444	780	5 900	15 652	15 652	7 613	5 713	-
Infrastructure - Road transport		391	3 219	1 728	3 000	3 000	3 000	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		3 434	6 663	2 508	8 900	18 652	18 652	7 613	5 713	-
Community		4 876	2 875	5 141	-	1 313	1 313	250	6 050	250
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets		2 207	327	2 366	6 344	3 174	3 174	5 487	1 895	13 736
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	50	50	50	600	600	450
TOTAL CAPITAL EXPENDITURE - Asset class	2	10 517	9 865	10 016	15 294	23 188	23 188	13 950	14 258	14 436

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Asset Mangement continue...

ASSET REGISTER SUMMARY - PPE (WDV)	5									
Infrastructure - Road transport		31 933	33 870	34 650	23 413	34 650	34 650	42 263	47 976	47 976
Infrastructure - Electricity		15 249	18 468	20 196	21 519	21 519	21 519	21 519	21 519	21 519
Infrastructure - Water										
Infrastructure - Sanitation										
Infrastructure - Other		5 081	5 081	5 081						
Infrastructure		52 263	57 419	59 927	44 932	56 169	56 169	63 782	69 495	69 495
Community		23 482	26 357	33 493		33 493	33 493	33 743	39 793	40 043
Heritage assets										
Investment properties		27 713	27 713	27 145	29 013	29 013	29 013	29 013	29 013	29 013
Other assets		3 499	3 826	4 199	6 294	45 886	45 886	51 373	52 778	66 213
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		148	148	54	148	148	148	348	348	348
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	107 106	115 464	124 818	80 387	164 709	164 709	178 258	191 427	205 112
EXPENDITURE OTHER ITEMS										
<u>Depreciation & asset impairment</u>		5 474	5 704	3 463	6 244	6 249	6 249	6 881	7 618	8 369
<u>Repairs and Maintenance by Asset Class</u>	3	-	-	-	3 624	-	-	3 855	4 292	4 053
Infrastructure - Road transport		-	-	-	171	-	-	125	180	205
Infrastructure - Electricity		-	-	-	803	-	-	647	704	767
Infrastructure - Water		-	-	-	1 075	-	-	1 500	1 609	1 720
Infrastructure - Sanitation		-	-	-	100	-	-	110	122	136
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	2 149	-	-	2 382	2 615	2 828
Community		-	-	-	570	-	-	350	371	393
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6, 7	-	-	-	905	-	-	1 123	1 305	831
TOTAL EXPENDITURE OTHER ITEMS		5 474	5 704	3 463	9 868	6 249	6 249	10 736	11 909	12 422
Renewal of Existing Assets as % of total capex		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Renewal of Existing Assets as % of deprecn"		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M as a % of PPE		0.0%	0.0%	0.0%	4.1%	0.0%	0.0%	3.7%	3.9%	3.5%
Renewal and R&M as a % of PPE		0.0%	0.0%	0.0%	5.0%	0.0%	0.0%	2.0%	2.0%	2.0%

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7.1.10 A10 Basic Service delivery measurement

EC132 Tsolwana - Table A10 Basic service delivery measurement

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Household service targets	1									
Water:										
Piped water inside dwelling					358	5 498	5 498	5 498	5 498	5 498
Piped water inside yard (but not in dwelling)					2 639	5 498	5 498	5 498	5 498	5 498
Using public tap (at least min.service level)	2				380	3 534	3 534	3 534	3 534	3 534
Other water supply (at least min.service level)	4				133	462	462	462	462	462
Minimum Service Level and Above sub-total		-	-	-	3 510	14 992	14 992	14 992	14 992	14 992
Using public tap (< min.service level)	3				-	-	-	-	-	-
Other water supply (< min.service level)	4				-	-	-	-	-	-
No water supply					2 419	-	-	-	-	-
Below Minimum Service Level sub-total		-	-	-	2 419	-	-	-	-	-
Total number of households	5	-	-	-	5 929	14 992	14 992	14 992	14 992	14 992
Sanitation/sewerage:										
Flush toilet (connected to sewerage)					635	2 358	2 358	2 358	2 358	2 358
Flush toilet (with septic tank)					98	-	-	-	-	-
Chemical toilet					-	2 358	2 358	2 358	2 358	2 358
Pit toilet (ventilated)					-	2 768	2 768	2 768	2 768	2 768
Other toilet provisions (> min.service level)					4 183	-	-	-	-	-
Minimum Service Level and Above sub-total		-	-	-	4 916	7 484	7 484	7 484	7 484	7 484
Bucket toilet					314	784	784	784	784	784
Other toilet provisions (< min.service level)					-	-	-	-	-	-
No toilet provisions					1 027	1 000	1 000	1 000	1 000	1 000
Below Minimum Service Level sub-total		-	-	-	1 341	1 784	1 784	1 784	1 784	1 784
Total number of households	5	-	-	-	6 257	9 268	9 268	9 268	9 268	9 268
Energy:										
Electricity (at least min.service level)					4 750	4 750	4 750	4 750	4 750	4 750
Electricity - prepaid (min.service level)					1 301	1 301	1 301	1 301	1 301	1 301
Minimum Service Level and Above sub-total		-	-	-	6 051	6 051	6 051	6 051	6 051	6 051
Electricity (< min.service level)					-	-	-	-	-	-
Electricity - prepaid (< min. service level)					-	-	-	-	-	-
Other energy sources					-	-	-	-	-	-
Below Minimum Service Level sub-total		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	6 051	6 051	6 051	6 051	6 051	6 051
Refuse:										
Removed at least once a week					3 320	2 529	2 529	2 529	2 529	2 529
Minimum Service Level and Above sub-total		-	-	-	3 320	2 529	2 529	2 529	2 529	2 529
Removed less frequently than once a week					-	139	139	139	139	139
Using communal refuse dump					-	55	55	55	55	55
Using own refuse dump					-	6 329	6 329	6 329	6 329	6 329
Other rubbish disposal					-	203	203	203	203	203
No rubbish disposal					-	239	239	239	239	239
Below Minimum Service Level sub-total		-	-	-	-	6 965	6 965	6 965	6 965	6 965
Total number of households	5	-	-	-	3 320	9 494	9 494	9 494	9 494	9 494
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)					9 279	1 985	1 985	1 985	1 985	1 985
Sanitation (free minimum level service)					4 699	1 985	1 985	1 985	1 985	1 985
Electricity/other energy (50kwh per household per month)					6 051	1 985	1 985	1 985	1 985	1 985
Refuse (removed at least once a week)					3 320	1 985	1 985	1 985	1 985	1 985
Cost of Free Basic Services provided (R'000)	8									
Water (6 kilolitres per household per month)					241	241	241	241	241	241
Sanitation (free sanitation service)					296	296	296	296	296	296
Electricity/other energy (50kwh per household per month)					25	25	25	25	25	25
Refuse (removed once a week)					149	149	149	149	149	149
Total cost of FBS provided (minimum social package)		-	-	-	711	711	711	711	711	711
Highest level of free service provided										
Property rates (R value threshold)					50 000	50 000	50 000	50 000	50 000	50 000
Water (kilolitres per household per month)					6	6	6	6	6	6
Sanitation (kilolitres per household per month)					-	-	-	-	-	-
Sanitation (Rand per household per month)					67	67	67	67	67	67
Electricity (kwh per household per month)					50	50	50	50	50	50
Refuse (average litres per week)					49	49	49	49	49	49
Revenue cost of free services provided (R'000)	9									
Property rates (R15 000 threshold rebate)					800	800	800	800	800	800
Property rates (other exemptions, reductions and rebates)					-	-	-	-	-	-
Water					-	1 200	1 200	1 200	1 200	1 200
Sanitation					-	1 400	1 400	1 400	1 400	1 400
Electricity/other energy					700	749	749	749	749	749
Refuse					700	1 038	1 038	1 038	1 038	1 038
Municipal Housing - rental rebates					-	-	-	-	-	-
Housing - top structure subsidies					-	-	-	-	-	-
Other					-	-	-	-	-	-
Total revenue cost of free services provided (total social package)	6	-	-	-	2 200	5 187	5 187	5 187	5 187	5 187

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Narrative to Budget summary tables:

With reference to the above summary tables, the following narrative explanations/summaries are provided:

❖ Table A1: Budget summary

This summary indicates the financial performance, financial position, capital expenditure and cash flow budget of the municipality. It also includes information on the asset management and cash surplus reconciliation.

It is clear from the financial performance that the Municipality should strive towards a surplus before Revenue from Capital grants. It is a continuous struggle to ensure the budget is properly cash funded due to the high dependency on Government Grants.

The capital expenditure is mostly funded by Government Grants.

The Financial position of the Municipality is increasing year-on-year, which is mainly due to the increase in Property, Plant and Equipment.

❖ Table A2: Budgeted Financial performance by Standard Classification

This summary indicates the operating revenue and expenditure per standard classification.

It can be highlighted that most monies are generated from Government Grants. 58% of Revenue is from Government Grants, including the equitable share.

❖ Table A3: Budgeted Financial performance by Municipal Vote

This summary indicates the operating revenue and expenditure by municipal vote. Vote implies per Directorate.

Except for the Government Grants, revenue from trading services is mostly from Electricity sales. Water and Sanitation revenue are recorded in terms of the current agreement with CHDM. Tsolwana Municipality is the water service provider and CHDM is the water service authority. The monies received from CHMD and the revenue income fund the expenditure on water and sanitation. This is having a substantial impact on the operating expenditure of Tsolwana Municipality.

❖ Table A4: Budgeted Financial performance (revenue and expenditure)

This summary indicates the operating revenue and expenditure by source of revenue and type of expenditure.

The following can be highlighted:

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- The total revenue increase with 6.9% from the adjusted 2013/14 budget excluding the funding for the Roads under Operational Grant income.
- The biggest source of revenue is Government Grants and subsidies.
- Electricity revenue increased due to the fact that we have budgeted expenditure equally to drastically decrease the high electricity loss of 45%.
- The total expenditure increase with 3.9% from the adjusted 2013/14 budget excluding the expenditure for the Roads under operating grant expenditure.
- An average salary increase of 9.3% was budgeted for. This is based on the annual increase agreed upon by the unions as well as the annual notch increase equal to 2%.
- Most of the expenditure is directed towards Bulk Electricity purchases.

❖ Table A5: Capital expenditure by vote, standard classification and funding

This summary indicates the capital expenditure budget per Municipal vote (Directorate) and Standard classification and also shows the funding sources for this expenditure.

Majority of the capital budget will be spent on internal roads and a bridge that will be constructed.

The capital expenditure budget is mostly funded MIG funds. Tsolwana Municipality is not currently in a position to make a contribution to infrastructure development.

❖ Table A6: Budgeted Financial Position

This summary indicates Balance sheet for the Municipality and shows the Total assets VS the Total liabilities.

This summary is an indication that that the municipality plans to builds on the current positive financial position. The total assets are growing from the 13/14 year to the 14/15 year, which is mainly due to the growth in Property, Plant and Equipment.

❖ Table A7: Budgeted Cash flows

This summary indicates the cash flows expected from operating activities, investing activities and financing activities.

The cash flows from investing activities are negative and is mainly due to the payment of capital assets.

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7.2 OTHER SUPPORTING TABLES

7.2.1 Operating budget per item

The following schedule shows the operating revenue and expenditure per item for 2014/15 – 2016/17

Revenue by line item:			
Income/Expenditure	Revenue		
Row Labels	Sum of 2014/2015	Sum of 2015-2016	Sum of 2016/2017
Agency Services	-9 686 574	-10 490 815	-9 734 615
AGENCY INCOME;	-1 500 000	-1 500 000	-750 000
HOFMEYR E-NATIS ;	-106 000	-112 360	-119 102
TARKA E-NATIS;	-254 400	-269 664	-285 844
WSA (CHRIS HANI HALL);	-7 826 174	-8 608 791	-8 579 670
Fines	-500 000	-550 000	-600 000
FINES: TRAFFIC ;	-500 000	-550 000	-600 000
Gain on disposal of Property, Plant and Equipment	-30 000	-30 000	-30 000
SALE OF LAND;	-30 000	-30 000	-30 000
Government Grants and Subsidies - Capital	-11 741 050	-11 463 450	-12 490 600
NATIONAL : MIG;	-11 741 050	-11 463 450	-12 490 600
PROV DEPT LOCAL GOV & HOUSIN		-	-
Government Grants and Subsidies - Operating	-62 579 547	-66 436 250	-67 803 301
CHDM INTERNAL AUDIT SUPPORT	-300 000	-300 000	-300 000
DEPT OF ROADS;	-25 000 000	-25 000 000	-25 000 000
EXTENDED PUBL WORKS PROGRAMM	-1 177 000	-	-
LED GRANT FUNDING	-230 000	-250 000	-275 000
NAT GOV: MIG PMU COST;	-617 950	-638 650	-657 400
NAT GOV:FMG;	-1 800 000	-1 950 000	-2 100 000
NAT.GOV : MUNICIPAL SYST IMP	-934 000	-967 000	-1 018 000
NAT.GOV:COUNCILLOR REMURERAT	-1 962 000	-2 051 000	-2 146 000
NATIONAL TREASURY 1% ASSIST	-450 000	-450 000	-450 000
NATIONAL: EQUITABLE SHARE;	-29 358 000	-33 982 000	-34 976 000
PROV. LIBRARY SUB;	-720 597	-812 600	-840 901
TRAINING & SETA INCOME;	-30 000	-35 000	-40 000
Interest earned - external investments	-502 000	-532 120	-564 047
INTEREST ON HOUSING ACCOUNTS	-8 500	-9 010	-9 551
INTEREST: BANK ACCOUNT;	-36 000	-38 160	-40 450
INTEREST: CALL ACCOUNTS;	-450 000	-477 000	-505 620
INTEREST: CAPITAL PROJECTS;	-7 500	-7 950	-8 427
interest earned - outstanding debtors	-1 028 000	-1 122 150	-1 206 683
INTEREST CONSUMER ACCOUNTS;	-1 028 000	-1 122 150	-1 206 683
Other income	-114 220	-121 980	-129 414
BANK ROUNDING;	-100	-100	-100
CEMETRY FEES;	-6 000	-6 360	-6 742
POUND FEES;	-15 000	-15 900	-16 854
PROV DEPT LOCAL GOV & HOUSIN			
RENTAL SPORTFIELDS	-3 120	-3 320	-3 640
SUNDRY INCOME;	-80 000	-84 800	-89 888
WORK FOR CONSUMERS;	-10 000	-11 500	-12 190

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Property Rates	-3 137 576	-3 295 830	-3 463 580
ASSESSMENT RATES;	-4 162 000	-4 381 720	-4 614 623
RATES REBATE;	1 024 424	1 085 890	1 151 043
Rental of Facilities and Equipment	-75 260	-119 916	-126 461
RENT BUILDING;	-63 600	-67 416	-71 461
RENT: HALL;	-11 660	-52 500	-55 000
SERVICE CHARGES	-19 171 100	-20 772 582	-22 371 063
ELECTRICITY ;	-3 335 000	-3 668 500	-4 035 350
EX VENDORS PRE PAID;	-1 713 500	-1 884 850	-2 073 335
Fines: TAMPERING	-15 000	-15 000	-15 000
HOFMEYR PRE PAID ELECTRICITY	-672 500	-689 750	-708 725
REFUSE - RESIDENTIAL;	-1 550 000	-1 777 500	-1 876 350
SANITATION - RESIDENTIAL;	-2 592 000	-2 799 360	-3 023 309
STREET LIGHTS;	-192 600	-198 032	-206 082
TARKASTAD PRE-PAID;	-3 052 500	-3 207 750	-3 378 525
WATER - RESIDENTIAL;	-6 048 000	-6 531 840	-7 054 387
Grand Total	-108 565 327	-114 935 093	-118 519 764

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Expenditure per line item			
Income/Expenditure	Expenditure		
Row Labels	Sum of 2014/2015	Sum of 2015-2016	Sum of 2016/2017
Audit Fees	2 461 742	2 627 916	2 800 708
AUDIT FEES;	2 461 742	2 627 916	2 800 708
Bulk purchases	9 778 090	10 566 204	11 417 840
PURCHASES: ELECTRICITY;	9 507 940	10 274 280	11 102 387
WATER PURCHASES;	270 150	291 924	315 453
Debt Impairment	5 935 022	6 706 536	6 342 464
PROVISION FOR BAD DEBTS;	5 935 022	6 706 536	6 342 464
Depreciation and Amortisation	6 881 472	7 617 507	8 369 346
DEPRECIATION;	6 881 472	7 617 507	8 369 346
Employee related costs	26 806 688	29 192 483	31 790 614
ACTING ALLOWANCE;	9 181	9 998	10 888
ALLOWANCE - HOUSING;	34 023	37 051	40 348
ALLOWANCE - STANDBY;	49 303	53 691	58 470
ALLOWANCE - TELEPHONE/CELL;	59 022	64 275	69 995
ALLOWANCE - TRAVELLING;	506 933	552 050	601 183
ANNUAL LEAVE BONUS;	1 711 213	1 863 511	2 029 364
CONTR. INDUSTRIAL COUNCIL;	123 963	134 996	147 011
CONTR. MEDICAL AID;	604 664	658 479	717 083
CONTR. PENSION FUND;	3 040 864	3 311 501	3 606 224
CONTR. U I F;	161 893	176 301	191 992
EPWP ADDITIONAL FROM OWN FUNDS	480 000	500 000	550 000
LONG SERVICE AWARDS;	21 358	23 259	25 329
OVERTIME;	703 346	765 943	834 112
SALARIES;	18 700 925	20 441 427	22 308 614
WARD COMMITTEES OWN FUNDING	600 000	600 000	600 000
Finance Charges	120 000	128 400	137 388
RENT: OFFICE EQUIPMENT;	120 000	128 400	137 388
General expenses	12 593 019	12 245 785	12 671 694
ACCOMODATION	275 000	294 600	316 065
ADVERTISEMENTS;	170 000	181 750	194 305
BANK CHARGES: CAPITAL PROJEC	2 500	2 650	2 809
BANK CHARGES: HOUSING ACCOUN	1 500	1 590	1 685
BANK CHARGES;	265 000	280 900	297 754
BLUE DROP & GREEN DROP;	200 000	215 000	235 000
BOOKS AND PUBLICATIONS	25 000	264 750	280 106
BOOKS,MAGAZINES&PUBLICATIONS	1 860	2 139	2 460
CHEMICALS AND PURIFICATION;	100 000	105 500	111 500
CLEANING MATERIALS;	44 500	52 090	59 899
COMMUNICATION	50 000	53 000	56 180
COMPUTER COSTS;	43 500	47 400	52 129
CONFERENCE FEES;	34 000	36 000	38 000
CONLOG PREPAID PAYMENTS;	360 000	396 000	435 600
CONTRACTOR - ELECTRICAL SERVICES - GENERAL	80 000	202 400	222 640
CONUMABLES AND BEWERAGES;	41 000	48 160	50 476
Council Meetings	16 000	16 000	16 000
CUSTOMER CARE;	200 000	222 000	250 000
DBSA: PAYMENT;	62 000	68 700	76 620
DISASTER HOUSES	40 000	50 000	60 000
ENTERTAINMENT;	8 000	8 800	9 800
FUNCTION			
GOVERNMENT DOCUMENTS	20 000	21 180	22 408
H&S - FIRE EXTINGUISHERS	15 000	15 900	16 854
H&S - FIRST AID BOXES	15 000	15 900	16 854
H&S - PROTECTIVE CLOTHING	75 000	79 500	84 270
IDP CONSULTING	15 000	15 900	16 854
IDP MEETING	15 000	15 900	16 854
IDP PRESENTATIONS	6 000	6 360	6 742
INFRASTRUCTURE MASTER PLAN;	700 000	-	-

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INSURANCE COST;	426 140	458 658	487 804
INTERNAL AUDIT ACCOMODATION	26 000	27 560	29 214
INTERNAL AUDIT COMMITTEE	35 000	37 100	39 326
INTERNAL AUDIT CONFERENCE	18 000	19 080	20 225
INTERNAL AUDIT MEETINGS	20 000	21 200	22 472
INTERNAL AUDIT MEMBERSHIPS	7 000	7 420	7 865
INTERNAL AUDIT TRAINING	10 000	10 600	11 236
INTERNAL AUDIT TRAVEL AND SUBSISTENCE	20 000	23 000	26 450
LEGAL EXPENSES;	200 000	212 000	224 720
LICENCE FEES;	16 000	17 830	19 741
MAINTANANCE: COMMUNITY HALLS	75 000	75 000	75 000
MAINTENANCE OF LANDFILL SITE HOFMEYR	42 000	44 520	47 191
MAINTENANCE OF LANDFILL SITE TARKASTAD	60 000	63 600	67 416
Mayoral meetings	12 000	12 720	13 483
MAYOR'FUND;	-	100 000	-
MAYORS CUP	50 000	75 000	56 180
MEMBERSHIP FEES;	500 000	510 000	520 000
MUNICIPALITY SERVICES;	70 000	75 000	78 000
OPENING OF TRAFFIC STATION	100 000	-	-
POSTAGE	33 600	35 616	37 753
POSTAGE;	39 000	42 350	45 363
POUND EXPENSES;	15 000	15 900	16 854
PRE-PAID METERS	250 000	100 000	100 000
PRINTING & STATIONARY;	255 000	270 045	285 708
PROFESIONAL AND CONSULTANT;	150 000	150 000	150 000
PROVISION LANDFILL SITE	50 000	53 000	56 180
REFRESHMENTS;	4 000	4 240	4 494
REFUSE BAGS;	32 400	34 344	36 405
RENT: IMPLEMENTS;	40 000	45 000	50 000
REVENUE ENHANCEMENT;	80 000	-	-
REVIEW OF HUMAN RESOURCE PLAN	50 000		
REVIEW OF ORGANOGRAM	50 000	53 000	56 180
S 78 FEASIBILITY STUDY	200 000	300 000	
SABATA SUPPORT;	730 000	800 000	850 000
SKILLS DEVELOPEMENT LEVY;	249 751	272 977	298 364
SPU: DISABILITY MONTH;	50 000	50 000	50 000
SPU: MANDELA DAY;	50 000	50 000	50 000
SPU: YOUTH MONTH;	50 000	50 000	50 000
SPU:CHILDREN MONTH;	50 000	50 000	50 000
SPU:HERITAGE MONTH;	50 000	50 000	50 000
SPU:HIV/AIDS ACTIVITIES;	50 000	50 000	50 000
SPU:WOMEN MONTH;	50 000	50 000	50 000
STAFF BUSARIES;	100 000	100 000	100 000
STATIONARY FOR ALL STAFF - DAIRIES ETC	50 000	53 000	56 180
Strategic planning session	75 000	75 000	80 000
SUBSISTANCE & TRAVELLING;	728 442	781 440	848 317
TELEPHONE CHARGES;	672 400	728 744	785 645
TRAFFIC STATION MAINTENANCE	80 000	84 800	89 888
TRAINING	50 000	40 000	30 000
TRAINING;	111 558	118 300	126 930
UNIFORMS/PROTEC.CLOTHING;	190 000	71 000	72 000
USAGE OF MACHINES	114 000	121 980	130 519
VALUATION ROLL 2014-18	750 000	250 000	250 000
VEHICLE AND EAQUIPMENT HIRE;	100 000	111 000	123 000
VEHICLE: FUEL & OIL;	1 924 700	2 131 613	2 354 584
WATER CART SERVICES;	170 000	184 300	200 000
WATER DEMAND & CONSERVATION;	120 000	135 000	155 000
WEBSITE MAINTENANCE	60 168	63 778	67 605
WELLNESS OF EMPLOYEES	150 000	159 000	168 540

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GRANTS AND SUBSIDIES	5 000	7 500	10 000
GRANTS PAID: PAUPER FUNERALS	5 000	7 500	10 000
Losses	10 000	11 100	12 310
WATER LOSSES- LINKAGES;	10 000	11 100	12 310
Operating grant Expenditure	30 033 944	28 449 099	28 688 470
#####	100 000	350 000	180 000
CHDM INTERNAL AUDIT SUPPORT	100 000	100 000	100 000
DISASTER MANAGEMENT;	80 000	90 000	100 000
EPWP GRANT EXPENDITURE;	1 177 000	-	-
GRANT- LOCAL ROAD;ROAD EXPEN		-	-
GRANT-PROVINCIAL ROAD;ROAD E	25 000 000	25 000 000	25 000 000
Implement corrective actions to address audit findi	250 000	200 000	150 000
Interns SALARIES;	500 000	600 000	600 000
MSIG: DOCUMENTED PROCEDURE AND POLICY PROC	204 000	-	-
MSIG: FINANCIAL SYSTEM LISENCING AND SUPPORT	730 000	803 000	883 300
MSIG: REVIEW OF ALL MUNICIPAL POLICIES	-	164 000	134 700
PMU MIG EXPENDITURE;	617 950	638 650	657 400
Preparation and timely submission of annual financ	400 000	200 000	320 000
PROV DEPT LOCAL GOV & HOUSIN			
SALARIES - LED	94 994	103 449	113 070
SCOA	550 000	-	200 000
Support the training of municipal officials in financi	100 000	200 000	250 000
TRAINING - LED	50 000	-	-
WALKER STALL	80 000	-	-
Remuneration of Councillors	2 890 293	3 147 529	3 427 659
ALLOWANCE - TELEPHONE/CELL;	228 087	248 387	270 493
ALLOWANCE - TRAVELLING;	592 795	645 554	703 009
CONTR. COUNCILLOR PENSION FU	191 492	208 535	227 095
CONTR. U I F;			
COUNCILLOR ALLOWANCES;	1 877 918	2 045 053	2 227 063
Repairs and Maintenance	3 854 800	4 291 794	4 052 890
BUILDINGS;	144 000	199 000	176 340
CONTRACTOR - ELECTRICAL SERVICES - MAINTENAN	184 000	343 200	377 520
FENCING;	50 000	66 726	60 442
FURNITURE & OFFICE EQUIPMENT	70 000	-	-
GENERAL MAINTENANCE;	2 020 000	2 223 260	2 407 942
RENTAL OF VEHICLES FOR MAINTENANCE	500 000	500 000	
SPORTS FIELDS MAINTENANCE;	250 000	265 000	280 900
TOOLS AND EQUIPMENT;	85 500	96 950	108 509
TRAFFIC & ROAD SIGNS;	25 000	30 000	30 000
TREES TO BE CUT	75 000	75 000	75 000
VEHICLES & IMPLEMENTS;	451 300	492 658	536 237
SERVICE CHARGES	1 987 900	2 044 900	2 105 320
FREE BASIC SERVICES;	1 987 900	2 044 900	2 105 320
Grand Total	103 357 970	107 036 754	111 826 704

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7.2.2 SA 1 Supporting detail to “Budgeted Financial Performance”

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand											
REVENUE ITEMS:											
<u>Property rates</u>											
Total Property Rates	6	1 124	1 360	2 413	2 500	2 700	2 700		4 162	4 382	4 615
less Revenue Foregone				903	920	966	966		1 024	1 086	1 151
Net Property Rates		1 124	1 360	1 510	1 580	1 734	1 734	-	3 138	3 296	3 464
<u>Service charges - electricity revenue</u>											
Total Service charges - electricity revenue	6	3 940	4 670	4 889	6 293	6 074	6 074		8 981	9 664	10 417
less Revenue Foregone											
Net Service charges - electricity revenue		3 940	4 670	4 889	6 293	6 074	6 074	-	8 981	9 664	10 417
<u>Service charges - water revenue</u>											
Total Service charges - water revenue	6		237	800	1 505	5 600	5 600		6 048	6 532	7 054
less Revenue Foregone											
Net Service charges - water revenue		-	237	800	1 505	5 600	5 600	-	6 048	6 532	7 054
<u>Service charges - sanitation revenue</u>											
Total Service charges - sanitation revenue	6		1 787	726	2 031	2 400	2 400		2 592	2 799	3 023
less Revenue Foregone											
Net Service charges - sanitation revenue		-	1 787	726	2 031	2 400	2 400	-	2 592	2 799	3 023
<u>Service charges - refuse revenue</u>											
Total refuse removal revenue	6	708	1 342	599	1 604	1 500	1 500		1 550	1 778	1 876
Total landfill revenue											
less Revenue Foregone											
Net Service charges - refuse revenue		708	1 342	599	1 604	1 500	1 500	-	1 550	1 778	1 876
<u>Other Revenue by source</u>											
other revenue		208	195	287	99	90	90		114	122	129
Total Other Revenue	1	208	195	287	99	90	90	-	114	122	129
EXPENDITURE ITEMS:											
<u>Employee related costs</u>											
Basic Salaries and Wages	2	14 235	12 898	14 184	15 964	17 473	17 473		19 790	21 551	23 470
Pension and UIF Contributions		-	1 934	2 379	2 662	2 787	2 787		3 203	3 488	3 798
Medical Aid Contributions		-	297	402	424	553	553		605	658	717
Overtime		-	418	539	231	644	644		703	766	834
Performance Bonus		-	852	978	811	1 472	1 472		1 711	1 864	2 029
Motor Vehicle Allowance		-	301	426	478	464	464		507	552	601
Cellphone Allowance		-	45	54	60	54	54		59	64	70
Housing Allowances		-	9	22	23	31	31		34	37	40
Other benefits and allowances		-	12	459	54	57	57		173	189	205
Payments in lieu of leave		-	265	559	29	-	-				
Long service awards		-	61	67	121	20	20		21	23	25
Post-retirement benefit obligations	4	-	342								
sub-total	5	14 235	17 434	20 068	20 857	23 554	23 554	-	26 807	29 192	31 791
Less: Employees costs capitalised to PPE											
Total Employee related costs	1	14 235	17 434	20 068	20 857	23 554	23 554	-	26 807	29 192	31 791
<u>Contributions recognised - capital</u>											
Total Contributions recognised - capital		-	-	-	-	-	-		-	-	-
<u>Depreciation & asset impairment</u>											
Depreciation of Property, Plant & Equipment		5 474	5 704	3 463	6 244	6 249	6 249		6 881	7 618	8 369
Total Depreciation & asset impairment	1	5 474	5 704	3 463	6 244	6 249	6 249	-	6 881	7 618	8 369
<u>Bulk purchases</u>											
Electricity Bulk Purchases		5 371	6 389	7 689	9 049	8 799	8 799		9 508	10 274	11 102
Water Bulk Purchases				107		250	250		270	292	315
Total bulk purchases	1	5 371	6 389	7 796	9 049	9 049	9 049	-	9 778	10 566	11 418
<u>Transfers and grants</u>											
Cash transfers and grants		-	2 604	-	2 911	4 389	4 389		5	8	10
Non-cash transfers and grants		-	-	-	-	-	-		1 988	2 045	2 105
Total transfers and grants	1	-	2 604	-	2 911	4 389	4 389	-	1 993	2 052	2 115
Total contracted services		-	-	-	-	-	-		-	-	-
<u>Other Expenditure By Type</u>											
Collection costs											
Contributions to 'other' provisions											
Consultant fees		-	648		303	-	-				
Audit fees		-	3 461		2 659	2 347	2 347		2 462	2 628	2 801
General expenses	3	9 399	7 634	9 942	9 153	10 452	10 452		12 593	12 246	12 672
Repairs and Maintenance		5 778	3 098	2 007	3 624	3 127	3 127		3 855	4 292	4 053
Operating grant expenditure		-	3 969	7 309	3 142	10 570	10 570		30 034	28 449	28 688
Actuarial losses		185	304	2					10	11	12
Total Other Expenditure	1	15 362	19 114	19 261	18 880	26 495	26 495	-	48 954	47 626	48 226
Repairs and Maintenance	8				3 624				3 855	4 292	4 053
Other Expenditure											
Total Repairs and Maintenance Expenditure	9				3 624				3 855	4 292	4 053

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7.2.3 SA2 Matrix Financial Performance Budget (revenue source/expenditure type and dept)

EC132 Tsolwana - Supporting Table SA2 Matrix Financial Performance Budget (revenue source/expenditure type and dept)

Description	Ref	Vote 1 - Executive and Council	Vote 2 - Budget and Treasury	Vote 3 - Corporate services	Vote 4 - Community and Social Services	Vote 5 - Technical Services	Total
R thousand	1						
Revenue By Source							
Property rates			3 138				3 138
Property rates - penalties & collection charges							-
Service charges - electricity revenue						8 981	8 981
Service charges - water revenue						6 048	6 048
Service charges - sanitation revenue						2 592	2 592
Service charges - refuse revenue					1 550		1 550
Service charges - other							-
Rental of facilities and equipment					75		75
Interest earned - external investments			502				502
Interest earned - outstanding debtors			450		187	391	1 028
Dividends received							-
Fines					500		500
Licences and permits							-
Agency services			750		360	8 576	9 687
Other revenue			80		34	-	114
Transfers recognised - operational		7 940	8 069	3 702	10 465	32 403	62 580
Gains on disposal of PPE		-			30		30
Total Revenue (excluding capital transfers and contributions)		7 940	12 989	3 702	13 202	58 991	96 824
Expenditure By Type							
Employee related costs		3 502	4 739	2 567	8 331	7 668	26 807
Remuneration of councillors		2 890					2 890
Debt impairment			500		330	5 105	5 935
Depreciation & asset impairment		400	141	-	586	5 754	6 881
Finance charges				120			120
Bulk purchases						9 778	9 778
Other materials							-
Contracted services							-
Transfers and grants			-		1 043	950	1 993
Other expenditure		1 979	7 098	1 977	3 492	34 408	48 954
Loss on disposal of PPE							-
Total Expenditure		8 772	12 478	4 664	13 782	63 663	103 358
Surplus/(Deficit)		(832)	511	(962)	(580)	(4 672)	(6 534)
Transfers recognised - capital		4 129				7 613	11 741
Contributions recognised - capital							-
Contributed assets							-
Surplus/(Deficit) after capital transfers & contributions		3 297	511	(962)	(580)	2 941	5 207

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7.2.4 SA3 Supporting detail to “Budgeted Financial Position”

EC132 Tsolwana - Supporting Table SA3 Supporting detail to “Budgeted Financial Position”

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand											
ASSETS											
<u>Call Investment deposits</u>											
Call deposits < 90 days											
Other current investments > 90 days											
Total Call investment deposits	2	-	-	-	-	-	-	-	-	-	-
<u>Consumer debtors</u>											
Consumer debtors		16 943	21 596	22 706	20 443	20 443	20 443		27 123	34 259	40 533
Less: Provision for debt impairment		(5 688)	(15 889)	(18 606)	(18 043)	(18 043)	(18 043)		(23 978)	(30 684)	(37 027)
Total Consumer debtors	2	11 255	5 708	4 100	2 401	2 401	2 401	-	3 145	3 575	3 506
<u>Debt impairment provision</u>											
Balance at the beginning of the year		4 319	8 367		16 863	16 863	16 863		18 043	23 978	30 684
Contributions to the provision		1 528	7 521		1 180	1 180	1 180		5 935	6 707	6 342
Bad debts written off		(159)	-		-	-	-		-	-	-
Balance at end of year		5 688	15 889	-	18 043	18 043	18 043	-	23 978	30 684	37 027
<u>Property, plant and equipment (PPE)</u>											
PPE at cost/valuation (excl. finance leases)		59 305	90 347	97 618	127 214	135 109	135 109		149 058	163 317	177 752
Leases recognised as PPE	3	-	-	-	-	-	-		-	-	-
Less: Accumulated depreciation		-	26 311	28 246	38 510	38 510	38 510		45 391	53 009	61 378
Total Property, plant and equipment (PPE)	2	59 305	64 036	69 372	88 704	96 599	96 599	-	103 667	110 308	116 374
LIABILITIES											
<u>Current liabilities - Borrowing</u>											
Short term loans (other than bank overdraft)					-	-	-				
Current portion of long-term liabilities		50		50	-	-	-				
Total Current liabilities - Borrowing		50	-	50	-	-	-		-	-	-
<u>Trade and other payables</u>											
Trade and other creditors		1 383	4 648	3 487	944	944	944		3 733	4 789	5 681
Unspent conditional transfers		4 231	4 392	8 040	730	730	730		2 836	2 900	4 550
VAT		1 882	785	1 590	1 611	1 611	1 611		1 397	2 351	4 137
Total Trade and other payables	2	7 496	9 826	13 118	3 285	3 285	3 285	-	7 966	10 041	14 368
<u>Non current liabilities - Borrowing</u>											
Borrowing	4	128	128	11	-	-	-				
Finance leases (including PPP asset element)		-	-	-	-	-	-				
Total Non current liabilities - Borrowing		128	128	11	-	-	-		-	-	-
<u>Provisions - non-current</u>											
Retirement benefits		2 829	3 633	3 894	3 814	3 814	3 814		4 062	5 200	5 234
List other major provision items											
Refuse landfill site rehabilitation		-	1 425		1 500	1 500	1 500		5 102	5 108	8 134
Other		-	509	646	-	-	-		914	914	1 102
Total Provisions - non-current		2 829	5 566	4 540	5 314	5 314	5 314	-	9 164	11 222	14 470
CHANGES IN NET ASSETS											
<u>Accumulated Surplus/(Deficit)</u>											
Accumulated Surplus/(Deficit) - opening balance		97 039	96 442	95 518	117 916	117 916	117 916		122 311	109 143	110 752
GRAP adjustments		-	-	-	-	-	-		-	-	-
Restated balance		97 039	96 442	95 518	117 916	117 916	117 916		122 311	109 143	110 752
Surplus/(Deficit)		2 534	(5 130)	5 490	7 877	14 085	14 085		5 207	7 898	6 693
Appropriations to Reserves					(1 750)	(1 750)	(1 750)				
Transfers from Reserves					-	-	-				
Depreciation offsets					-	-	-				
Other adjustments					7 877	7 877	7 877		583	14 243	15 294
Accumulated Surplus/(Deficit)	1	99 573	91 312	101 008	131 920	138 128	138 128	-	128 102	131 284	132 739
<u>Reserves</u>											
Housing Development Fund					-	-	-				
Capital replacement					1 500	1 500	1 500				
Self-insurance					-	-	-				
Other reserves					250	250	250		329	500	550
Revaluation					-	-	-				
Total Reserves	2	-	-	-	1 750	1 750	1 750	-	329	500	550
TOTAL COMMUNITY WEALTH/EQUITY	2	99 573	91 312	101 008	133 670	139 878	139 878	-	128 431	131 784	133 289

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7.2.5 SA4 Reconciliation to IDP strategic objectives and budget (revenue)

EC132 Tsolwana - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

Strategic Objective	Goal	Goal Code	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand												
Financial Viability				10 463	7 110	8 398	9 204	10 279	10 279	12 989	14 619	15 144
Financial Viability				4 057	4 750	5 055	5 428	4 058	4 058	3 702	4 490	4 529
Good Governance				3 627	4 651	7 237	8 862	8 842	8 842	12 068	9 455	22 146
Planning & Development				8 343	4 496	9 907	3 679	6 478	6 478	5 728	7 687	5 198
Safety & Security				261	271	1 683	870	990	990	1 260	1 429	1 510
Social Development				399	369	439	694	694	694	721	813	841
Social Development				165	179	199	215	132	132	105	130	132
Social Development				5 296	3 768	2 286	3 983	8 775	8 775	316	3 395	401
Sustainable Basic Services				2 626	4 596	3 672	4 932	6 005	6 005	5 073	6 165	6 339
Sustainable Basic Services				2 695	4 522	3 746	7 060	11 106	11 106	33 955	32 205	25 753
Sustainable Basic Services				9 139	12 161	10 918	13 675	16 466	16 466	16 182	16 607	17 868
Water and Sanitation service provider				-	8 954	8 515	10 936	15 619	15 619	16 466	17 940	18 657
Allocations to other priorities			2									
Total Revenue (excluding capital transfers and contributions)			1	47 071	55 828	62 055	69 538	89 443	89 443	108 565	114 935	118 520

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7.2.6 SA 5 Reconciliation to IDP Strategic objectives and budget (operating expenditure)

EC132 Tsolwana - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

Strategic Objective	Goal	Goal Code	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17	
Financial Viability				6 710	9 092	9 098	8 252	9 977	9 977	12 478	12 319	13 201	
Financial Viability				3 157	4 775	5 383	5 481	4 062	4 062	4 664	5 217	5 622	
Good Governance				6 016	8 777	6 286	6 882	8 251	8 251	8 772	9 485	10 121	
Planning & Development				22 038	5 730	5 100	3 607	8 107	8 107	5 715	4 800	5 225	
Safety & Security				2	211	539	825	1 065	1 065	1 098	1 182	1 275	
Social Development				356	581	625	702	694	694	726	819	847	
Social Development				124	88	43	50	132	132	105	130	132	
Social Development				338	653	100	532	267	267	316	385	401	
Sustainable Basic Services				1 333	5 566	4 967	5 876	6 005	6 005	5 822	6 332	6 447	
Sustainable Basic Services				38	564	4 448	5 117	7 445	7 445	31 427	32 064	32 223	
Sustainable Basic Services				4 425	9 469	10 670	13 400	13 480	13 480	15 719	16 308	17 614	
Water and Sanitation service provider				-	15 451	9 305	10 936	15 872	15 872	16 518	17 996	18 719	
Allocations to other priorities													
Total Expenditure				1	44 536	60 958	56 565	61 661	75 358	75 358	103 358	107 037	111 827

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7.2.7 SA6 Reconciliation to IDP strategic objectives and budget (capital expenditure)

EC132 Tsolwana - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

Strategic Objective	Goal	Goal Code	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand												
To ensure provision, continuous maintenance and coordination of road, stormwater and bridges infrastructure programmes in all wards by 2017		A					5 800	8 400	8 400	-	1 913	
To facilitate integrated planning and sustainable delivery of reliable electricity services to our households, social facilities and businesses by June 2017		B					3 341	3 265	3 265			
To facilitate integrated planning and sustainable delivery of reliable electricity services to our households, social facilities and businesses by June 2017		C					3 000	3 000	3 000			
To construct and maintain community facilities in areas of need and also facilitate delivery of planned EPWP in all our areas by 2017		D					2 091	2 091	2 091			
Allocations to other priorities			3	9 164	9 865		1 062	6 432	6 432	13 950	12 345	14 436
Total Capital Expenditure			1	9 164	9 865	-	15 294	23 188	23 188	13 950	14 258	14 436

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7.2.8 AS10 funding measurements

EC132 Tsolwana Supporting Table SA10 Funding measurement

Description	MFMA section	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Funding measures												
Cash/cash equivalents at the year end - R'000	18(1)b	1	10 384	8 551	10 205	14 071	6 176	6 176	8 636	9 438	9 867	12 947
Cash + investments at the yr end less applications - R'000	18(1)b	2	20 190	2 149	3 376	14 995	6 453	6 453	-	5 919	5 146	5 620
Cash year end/monthly employee/supplier payments	18(1)b	3	4.2	2.3	2.9	3.8	1.4	1.4	-	1.7	1.7	2.1
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	2 534	(5 130)	5 490	7 877	14 085	14 085	-	5 207	7 898	6 693
Service charge rev % change - macro CPIX target exclusive	18(1)a.(2)	5	N.A.	56.8%	(15.3%)	46.6%	27.0%	(6.0%)	(106.0%)	22.9%	1.9%	1.3%
Cash receipts % of Ratepayer & Other revenue	18(1)a.(2)	6	132.3%	48.1%	62.7%	108.2%	88.1%	88.1%	0.0%	97.0%	83.1%	82.8%
Debt impairment expense as a % of total billable revenue	18(1)a.(2)	7	35.3%	79.6%	42.0%	9.0%	16.8%	16.8%	0.0%	26.5%	27.7%	24.4%
Capital payments % of capital expenditure	18(1)c:19	8	0.0%	0.1%	0.1%	100.0%	100.0%	100.0%	0.0%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	(1.5%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								0.0%	0.0%	0.0%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	(51.3%)	17.5%	(64.2%)	0.0%	0.0%	(100.0%)	31.0%	13.6%	(1.9%)
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)(v)i	13	0.0%	0.0%	0.0%	4.1%	0.0%	0.0%	0.0%	3.7%	3.9%	3.5%
Asset renewal % of capital budget	20(1)(v)i	14	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

7.2.9 SA11 Property rates summary and SA 12 & 13 Property rates by category (current year) and SA14 Housing bills

Please see the detail tariff list attached

7.2.10 SA15 Investment particulars by type and SA16 Investment particulars by maturity

Tsolwana municipality does not have investments

7.2.11 SA17 Borrowing

Tsolwana municipality does not have borrowings

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7.2.12 SA18 Transfers and receipts

EC132 Tsolwana - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		-	-	29 127	31 879	29 996	29 996	36 299	40 039	40 219
Local Government Equitable Share				24 741	27 463	25 580	25 580	29 358	33 982	34 976
Local Government Equitable Share					-	-	-	1 962	2 051	1 018
Finance Management				1 500	1 485	1 485	1 485	1 800	1 950	2 100
Municipal Systems Improvement				800	890	890	890	934	967	1 018
EPWP Incentive				1 000	1 000	1 000	1 000	1 177	-	-
Municipal Infrastructure Grant (MIG)				584	591	591	591	618	639	657
1% National Treasury assistance				501	450	450	450	450	450	450
Scoa Funding (Treasury)								-	-	-
Provincial Government:		-	-	4 059	694	2 183	2 183	25 951	25 813	841
Library				439	694	694	694	721	813	841
Local Economic Development				88				230		
Housing						1 300	1 300	-		
Valuation Roll						27	27	-		
DEPT OF ROADS:				3 502				25 000	25 000	
Tentergate Goat Project				30						
District Municipality:		-	-	2 250	42	1 635	1 635	300	300	300
CHDM Waste Management support					42	1 175	1 175			
CHDM Training Support						160	160			
CHDM INTERNAL AUDIT SUPPORT						300	300	300	300	300
IDP ASSISTANCE				250						
CHDM- PAVING PROJECT				2 000						
Other grant providers:		-	-	79	-	20	20	30	35	40
Training and Seta Income				79		20	20	30	35	40
Total Operating Transfers and Grants	5	-	-	35 515	32 614	33 834	33 834	62 580	66 186	41 400
Capital Transfers and Grants										
National Government:		-	-	9 891	14 397	14 397	14 397	11 741	11 463	12 491
Municipal Infrastructure Grant (MIG)				7 891	11 232	11 232	11 232	11 741	11 463	12 491
Integrated National Electrification Programme				2 000	3 000	3 000	3 000			
Finance Management					165	165	165			
Other capital transfers/grants [insert desc]										
Provincial Government:		-	-	-	-	2 000	2 000	-	-	-
Rehabilitation of internal roads						2 000	2 000			
District Municipality:		-	-	-	-	1 697	1 697	-	-	-
CHDM Waste Management support										
Rehabilitation of internal roads										
Rehabilitation of Stock dams						197	197			
Paving project						1 500	1 500			
Other grant providers:		-	-	-	-	-	-	-	-	-
Training and Seta Inco										
Total Capital Transfers and Grants	5	-	-	9 891	14 397	18 094	18 094	11 741	11 463	12 491
TOTAL RECEIPTS OF TRANSFERS & GRANTS		-	-	45 406	47 011	51 928	51 928	74 321	77 650	53 891

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7.2.13 SA19 Expenditure on transfers and grant programme

EC132 Tsolwana - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
EXPENDITURE:										
Operating expenditure of Transfers and Grants										
National Government:		-	-	29 127	31 879	29 996	29 996	36 299	29 044	28 806
Local Government Equitable Share				24 741	27 463	25 580	25 580	29 358	22 987	23 562
Local Government Equitable Share					-	-	-	1 962	2 051	1 018
Finance Management				1 500	1 485	1 485	1 485	1 800	1 950	2 100
Municipal Systems Improvement				800	890	890	890	934	967	1 018
EPWP Incentive				1 000	1 000	1 000	1 000	1 177	-	-
Municipal Infrastructure Grant (MIG)				584	591	591	591	618	639	657
1% National Treasury assistance				501	450	450	450	450	450	450
Scoa Funding (Treasury)								-	-	-
Provincial Government:		-	-	1 440	694	2 183	2 183	25 951	25 813	841
Library				439	694	694	694	721	813	841
Local Economic Development				316		162	162	230		
Housing				356		1 300	1 300	-		
Valluation Roll				98		27	27	-		
Mapping				33						
DEPT OF ROADS:				198				25 000	25 000	
		-	-	70	42	1 635	1 635	300	300	300
District Municipality:					42	1 175	1 175			
CHDM Waste Managemet support						160	160			
CHDM Training Support						300	300	300	300	300
IDP Support				70						
CHDM INTERNAL AUDIT SUPPORT										
Other grant providers:		-	-	119	-	20	20	30	35	40
Training and Seta Income				79		20	20	30	35	40
Vuna Awards				40						
		-	-	30 757	32 614	33 834	33 834	62 580	55 191	29 987
Total operating expenditure of transfers and grants:										
Capital expenditure of Transfers and Grants										
National Government:		-	-	-	14 397	14 397	14 397	11 741	11 463	12 491
Municipal Infrastructure Grant (MIG)					11 232	11 232	11 232	11 741	11 463	12 491
Integrated National Electrification Programme					3 000	3 000	3 000	-	-	-
Finance Management					165	165	165			
Other capital transfers/grants [insert desc]		-	-	-	-	2 000	2 000	-	-	-
Provincial Government:						2 000	2 000			
Rehabilitation of internal roads		-	-	-	-	1 697	1 697	-	-	-
District Municipality:										
Rehabilitation of Stock dams						197	197			
CHDM Waste Managemet support						1 500	1 500			
		-	-	-	-	-	-	-	-	-
Other grant providers:										
Training and Seta Inco										
		-	-	-	14 397	18 094	18 094	11 741	11 463	12 491
		-	-	30 757	47 011	51 928	51 928	74 321	66 655	42 477

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7.2.14 SA20 Reconciliation of transfers, grant receipts and unspent funds

EC132 Tsolwana - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Operating transfers and grants:										
National Government:	1,3									
Balance unspent at beginning of the year										
Current year receipts				29 127	32 614	39 337	39 337	45 873	50 886	67 228
Conditions met - transferred to revenue		-	-	29 127	32 614	39 337	39 337	45 873	50 886	67 228
Conditions still to be met - transferred to liabilities										
Provincial Government:										
Balance unspent at beginning of the year				-						
Current year receipts				1 560				16 407	15 250	275
Conditions met - transferred to revenue		-	-	1 560	-	-	-	16 407	15 250	275
Conditions still to be met - transferred to liabilities										
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts				70				300	300	300
Conditions met - transferred to revenue		-	-	70	-	-	-	300	300	300
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Total operating transfers and grants revenue		-	-	30 757	32 614	39 337	39 337	62 580	66 436	67 803
Total operating transfers and grants - CTBM	2	-	-	-	-	-	-	-	-	-
Capital transfers and grants:										
National Government:	1,3									
Balance unspent at beginning of the year										
Current year receipts				9 845	14 397	19 786	19 786	11 741	11 463	12 491
Conditions met - transferred to revenue		-	-	9 845	14 397	19 786	19 786	11 741	11 463	12 491
Conditions still to be met - transferred to liabilities										
Provincial Government:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts						2 500	2 500			
Conditions met - transferred to revenue		-	-	-	-	2 500	2 500	-	-	-
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Total capital transfers and grants revenue		-	-	9 845	14 397	22 286	22 286	11 741	11 463	12 491
Total capital transfers and grants - CTBM	2	-	-	-	-	-	-	-	-	-
TOTAL TRANSFERS AND GRANTS REVENUE		-	-	40 601	47 011	61 623	61 623	74 321	77 900	80 294
TOTAL TRANSFERS AND GRANTS - CTBM		-	-	-	-	-	-	-	-	-

7.2.15 SA21 Transfers and grants made by the municipality

EC132 Tsolwana - Supporting Table SA21 Transfers and grants made by the municipality

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Cash Transfers to Groups of Individuals											
Free basic Services	5		2 604		2 911	4 389	4 389		1 988	2 045	2 105
Grants and Subsidy Paid								5	8	10	
Total Cash Transfers To Groups Of Individuals:		-	2 604	-	2 911	4 389	4 389	-	1 993	2 052	2 115
TOTAL CASH TRANSFERS AND GRANTS	6	-	2 604	-	2 911	4 389	4 389	-	1 993	2 052	2 115

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7.2.16 SA22summary councillor and staff benefits

EC132 Tsolwana - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration R thousand	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
		A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)	1									
Basic Salaries and Wages		1 239	1 385		1 605	1 718	1 718	1 878	2 045	2 227
Pension and UIF Contributions		119	164		176	175	175	191	209	227
Medical Aid Contributions		-	-		-	-	-	-	-	-
Motor Vehicle Allowance		460	502		594	542	542	593	646	703
Cellphone Allowance		121	140		111	209	209	228	248	270
Housing Allowances										
Other benefits and allowances										
Sub Total - Councillors		1 939	2 192	-	2 486	2 644	2 644	2 890	3 148	3 428
% increase	4		13.0%	(100.0%)	-	6.4%	-	9.3%	8.9%	8.9%
Senior Managers of the Municipality	2									
Basic Salaries and Wages					3 393	3 067	3 067	3 352	3 650	3 975
Pension and UIF Contributions					451	418	418	457	497	542
Medical Aid Contributions					41	41	41	44	48	53
Overtime					-	-	-	-	-	-
Performance Bonus					300	572	572	625	681	741
Motor Vehicle Allowance					373	368	368	402	438	477
Cellphone Allowance	3				29	54	54	59	64	70
Housing Allowances	3				-	-	-	-	-	-
Other benefits and allowances	3				-	0	0	0	0	0
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Senior Managers of Municipality		-	-	-	4 586	4 519	4 519	4 940	5 379	5 858
% increase	4		-	-	-	(1.5%)	-	9.3%	8.9%	8.9%
Other Municipal Staff										
Basic Salaries and Wages					11 449	14 406	14 406	16 438	17 901	19 494
Pension and UIF Contributions					2 126	2 369	2 369	2 746	2 990	3 257
Medical Aid Contributions					378	513	513	560	610	664
Overtime					231	644	644	703	766	834
Performance Bonus					571	900	900	1 086	1 183	1 288
Motor Vehicle Allowance	3				105	96	96	105	114	124
Cellphone Allowance	3				32	-	-	-	-	-
Housing Allowances	3				23	31	31	34	37	40
Other benefits and allowances	3				53	56	56	173	189	205
Payments in lieu of leave					29	-	-	-	-	-
Long service awards					121	20	20	21	23	25
Post-retirement benefit obligations	6									
Sub Total - Other Municipal Staff		-	-	-	15 118	19 035	19 035	21 867	23 813	25 933
% increase	4		-	-	-	25.9%	-	14.9%	8.9%	8.9%
Total Parent Municipality		1 939	2 192	-	22 189	26 199	26 199	29 697	32 340	35 218
			13.0%	(100.0%)	-	18.1%	-	13.4%	8.9%	8.9%
Total Municipal Entities		-	-	-	-	-	-	-	-	-
TOTAL SALARY, ALLOWANCES & BENEFITS		1 939	2 192	-	22 189	26 199	26 199	29 697	32 340	35 218
% increase	4		13.0%	(100.0%)	-	18.1%	-	13.4%	8.9%	8.9%
TOTAL MANAGERS AND STAFF	5,7	-	-	-	19 703	23 554	23 554	26 807	29 192	31 791

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7.2.17 SA23 Salaries, allowances & benefits (political office bearers /councillors/senior managers)

EC132 Tsolwana - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)

Disclosure of Salaries, Allowances & Benefits 1.	Ref	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum	No.		1.				2.
Councillors	3						
Speaker	4						-
Chief Whip		181 651	29 594	70 858			282 103
Executive Mayor		467 321	45 816	183 164			696 301
Deputy Executive Mayor							-
Executive Committee							-
Total for all other councillors		1 228 946	116 082	566 861			1 911 889
Total Councillors	8	-	1 877 918	191 492	820 883		2 890 293
Senior Managers of the Municipality	5						
Municipal Manager (MM)		693 155	157 015	187 559	141 383		1 179 112
Chief Finance Officer		733 938	2 059	79 352	124 540		939 889
Corporate Services Manager		651 118	106 899	62 957	118 915		939 889
Community Services Manager		651 118	106 899	62 957	118 915		939 889
Technical Manager		622 780	128 434	68 203	121 346		940 764
							-
Total Senior Managers of the Municipality	8,10	-	3 352 110	501 307	461 027	625 099	4 939 544
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	10	-	5 230 028	692 799	1 281 910	625 099	7 829 837

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7.2.18 SA25 Budgeted monthly revenue and expenditure

EC132 Tsolwana - Supporting Table SA25 Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue By Source																
Property rates													3 138	3 138	3 296	3 464
Property rates - penalties & collection charges													-	-	-	-
Service charges - electricity revenue		1 396	349	558	838	698	349	698	349	349	698	349	2 349	8 981	9 664	10 417
Service charges - water revenue		-	-	-	-	-	-	-	-	-	-	-	6 048	6 048	6 532	7 054
Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-	-	-	2 592	2 592	2 799	3 023
Service charges - refuse revenue		330	83	132	198	165	83	165	83	165	83	(18)	1 550	1 778	1 876	
Service charges - other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		15	4	6	9	8	4	8	4	8	4	4	75	120	126	
Interest earned - external investments		100	25	40	60	50	25	50	25	50	25	25	502	532	564	
Interest earned - outstanding debtors		206	51	82	123	103	51	103	51	103	51	51	1 028	1 122	1 207	
Dividends received		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines		100	25	40	60	50	25	50	25	50	25	25	500	550	600	
Licences and permits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Agency services		1 787	447	715	1 072	894	447	894	447	447	894	447	1 197	9 687	10 491	9 735
Transfers recognised - operational		4 625	1 156	1 850	2 775	2 312	1 156	2 312	1 156	1 156	2 312	1 156	40 613	62 580	66 436	67 803
Other revenue		22	6	9	13	11	6	11	6	11	6	9	114	122	129	
Gains on disposal of PPE		6	2	2	4	3	2	3	2	3	2	2	30	30	30	
Total Revenue (excluding capital transfers and contributions)		8 587	2 147	3 435	5 152	4 294	2 147	4 294	2 147	2 147	4 294	2 147	56 034	96 824	103 472	106 029
Expenditure By Type																
Employee related costs		5 448	1 362	2 179	3 269	2 724	1 362	2 724	1 362	1 362	2 724	1 362	928	26 807	29 192	31 791
Remuneration of councillors		-	145	231	347	289	145	289	145	145	289	145	723	2 890	3 148	3 428
Debt impairment		-	58	93	140	116	58	116	58	58	116	58	5 062	5 935	6 707	6 342
Depreciation & asset impairment		1 376	344	550	825	688	344	688	344	344	688	344	347	6 881	7 618	8 369
Finance charges		24	6	10	14	12	6	12	6	6	12	6	6	120	128	137
Bulk purchases		1 956	489	782	1 173	978	489	978	489	489	978	489	489	9 778	10 566	11 418
Other materials		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contracted services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and grants		399	100	159	239	199	100	199	100	100	199	100	1 993	2 052	2 115	
Other expenditure		7 615	1 904	3 046	4 569	3 807	1 904	3 807	1 904	1 904	3 807	1 904	12 784	48 954	47 626	48 226
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure		16 817	4 407	7 051	10 576	8 814	4 407	8 814	4 407	4 407	8 814	4 407	20 439	103 358	107 037	111 827
Surplus/(Deficit)																
Transfers recognised - capital		(8 229)	(2 260)	(3 616)	(5 424)	(4 520)	(2 260)	(4 520)	(2 260)	(2 260)	(4 520)	(2 260)	35 595	(6 534)	(3 565)	(5 798)
Contributions recognised - capital		-	-	-	-	-	-	-	-	-	-	-	11 741	11 741	11 463	12 491
Contributed assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		(8 229)	(2 260)	(3 616)	(5 424)	(4 520)	(2 260)	(4 520)	(2 260)	(2 260)	(4 520)	(2 260)	47 337	5 207	7 898	6 693
Taxation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attributable to minorities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	1	(8 229)	(2 260)	(3 616)	(5 424)	(4 520)	(2 260)	(4 520)	(2 260)	(2 260)	(4 520)	(2 260)	47 337	5 207	7 898	6 693

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7.2.19 SA26 Budgeted monthly revenue and expenditure (municipal vote)

EC132 Tsolwana - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue by Vote																
Vote 1 - Executive and Council		452	113	181	271	226	113	226	113	113	226	113	9 919	12 068	9 455	22 146
Vote 2 - Budget and Treasury		-	251	401	602	502	251	502	251	251	502	251	9 227	12 989	14 619	15 144
Vote 3 - Corporate services		-	2	2	4	3	2	3	2	2	3	2	3 680	3 702	4 490	4 529
Vote 4 - Community and Social Services		813	203	325	488	406	203	406	203	203	406	203	9 343	13 202	19 619	14 422
Vote 5 - Technical Services		6 313	1 578	2 525	3 788	3 157	1 578	3 157	1 578	1 578	3 157	1 578	36 616	66 604	66 752	62 278
Total Revenue by Vote		7 578	2 147	3 435	5 152	4 294	2 147	4 294	2 147	2 147	4 294	2 147	68 784	108 565	114 935	118 520
Expenditure by Vote to be appropriated																
Vote 1 - Executive and Council		1 679	420	671	1 007	839	420	839	420	420	839	420	798	8 772	9 485	10 121
Vote 2 - Budget and Treasury		-	664	1 063	1 595	1 329	664	1 329	664	664	1 329	664	2 511	12 478	12 319	13 201
Vote 3 - Corporate services		-	246	393	590	491	246	491	246	246	491	246	979	4 664	5 217	5 622
Vote 4 - Community and Social Services		2 396	599	958	1 438	1 198	599	1 198	599	599	1 198	599	2 400	13 782	13 647	14 327
Vote 5 - Technical Services		9 912	2 478	3 965	5 947	4 956	2 478	4 956	2 478	2 478	4 956	2 478	16 580	63 663	66 369	68 556
Total Expenditure by Vote		13 987	4 407	7 051	10 576	8 814	4 407	8 814	4 407	4 407	8 814	4 407	23 268	103 358	107 037	111 827
Surplus/(Deficit) before assoc.		(6 409)	(2 260)	(3 616)	(5 424)	(4 520)	(2 260)	(4 520)	(2 260)	(2 260)	(4 520)	(2 260)	45 516	5 207	7 898	6 693
Taxation													-	-	-	-
Attributable to minorities													-	-	-	-
Share of surplus/ (deficit) of associate													-	-	-	-
Surplus/(Deficit)	1	(6 409)	(2 260)	(3 616)	(5 424)	(4 520)	(2 260)	(4 520)	(2 260)	(2 260)	(4 520)	(2 260)	45 516	5 207	7 898	6 693

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7.2.20 SA27 Budgeted monthly revenue and expenditure (standard classification)

EC132 Tsolwana - Supporting Table SA27 Budgeted monthly revenue and expenditure (standard classification)

Description	Ref	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue - Standard																
Governance and administration		1 462	365	585	877	731	365	731	365	365	731	365	21 817	28 760	28 564	41 819
Executive and council		452	113	181	271	226	113	226	113	113	226	113	9 919	12 068	9 455	22 146
Budget and treasury office		1 003	251	401	602	502	251	502	251	251	502	251	8 224	12 989	14 619	15 144
Corporate services		6	2	2	4	3	2	3	2	2	3	2	3 674	3 702	4 490	4 529
Community and public safety		196	49	78	118	98	49	98	49	49	98	49	1 470	2 402	5 767	2 884
Community and social services		21	5	8	13	11	5	11	5	5	11	5	726	826	943	973
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-	316	316	3 395	401
Public safety		175	44	70	105	88	44	88	44	44	88	44	428	1 260	1 429	1 510
Economic and environmental services		3 397	849	1 359	2 038	1 699	849	1 699	849	849	1 699	849	23 547	39 683	39 892	30 951
Planning and development		247	62	99	148	124	62	124	62	62	124	62	4 554	5 728	7 687	5 198
Road transport		3 150	788	1 260	1 890	1 575	788	1 575	788	788	1 575	788	18 993	33 955	32 205	25 753
Trading services		3 533	883	1 413	2 120	1 766	883	1 766	883	883	1 766	883	20 941	37 721	40 712	42 865
Electricity		1 598	400	639	959	799	400	799	400	400	799	400	8 592	16 182	16 607	17 868
Water		1 080	270	432	648	540	270	540	270	270	540	270	6 318	11 448	12 462	12 654
Waste water management		485	121	194	291	243	121	243	121	121	243	121	2 713	5 018	5 478	6 003
Waste management		369	92	148	222	185	92	185	92	92	185	92	3 318	5 073	6 165	6 339
Total Revenue - Standard		8 587	2 147	3 435	5 152	4 294	2 147	4 294	2 147	2 147	4 294	2 147	67 775	108 565	114 935	118 520

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Expenditure - Standard																
Governance and administration		5 319	1 330	2 128	3 191	2 660	1 330	2 660	1 330	1 330	2 660	1 330	648	25 913	27 021	28 944
Executive and council		1 679	420	671	1 007	839	420	839	420	420	839	420	798	8 772	9 485	10 121
Budget and treasury office		2 658	664	1 063	1 595	1 329	664	1 329	664	664	1 329	664	(147)	12 478	12 319	13 201
Corporate services		983	246	393	590	491	246	491	246	246	491	246	(3)	4 664	5 217	5 622
Community and public safety		427	107	171	256	213	107	213	107	107	213	107	218	2 245	2 516	2 656
Community and social services		165	41	66	99	83	41	83	41	41	83	41	47	831	949	980
Sport and recreation		63	16	25	38	31	16	31	16	16	31	16	19	316	385	401
Public safety		199	50	80	119	99	50	99	50	50	99	50	153	1 098	1 182	1 275
Economic and environmental services		5 409	1 352	2 164	3 245	2 704	1 352	2 704	1 352	1 352	2 704	1 352	11 449	37 141	36 864	37 448
Planning and development		1 124	281	449	674	562	281	562	281	281	562	281	378	5 715	4 800	5 225
Road transport		4 285	1 071	1 714	2 571	2 143	1 071	2 143	1 071	1 071	2 143	1 071	11 071	31 427	32 064	32 223
Environmental protection													-	-	-	-
Trading services		6 771	1 693	2 709	4 063	3 386	1 693	3 386	1 693	1 693	3 386	1 693	5 894	38 059	40 637	42 779
Electricity		3 188	797	1 275	1 913	1 594	797	1 594	797	797	1 594	797	576	15 719	16 308	17 614
Water		1 695	424	678	1 017	848	424	848	424	424	848	424	3 424	11 475	12 492	12 687
Waste water management		744	186	298	446	372	186	372	186	186	372	186	1 509	5 042	5 504	6 032
Waste management		1 145	286	458	687	572	286	572	286	286	572	286	385	5 822	6 332	6 447
Other													-	-	-	-
Total Expenditure - Standard		17 926	4 482	7 170	10 756	8 963	4 482	8 963	4 482	4 482	8 963	4 482	18 209	103 358	107 037	111 827
Surplus/(Deficit) before assoc.		(9 339)	(2 335)	(3 735)	(5 603)	(4 669)	(2 335)	(4 669)	(2 335)	(2 335)	(4 669)	(2 335)	49 566	5 207	7 898	6 693
Surplus/(Deficit)	1	(9 339)	(2 335)	(3 735)	(5 603)	(4 669)	(2 335)	(4 669)	(2 335)	(2 335)	(4 669)	(2 335)	49 566	5 207	7 898	6 693

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7.2.21 SA28 Budgeted monthly Capital Expenditure (municipal vote)

EC132 Tsolwana - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)

Description	Ref	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<u>Single-year expenditure</u> to be appropriated																
Vote 1 - Executive and Council		826	206	330	495	413	206	413	206	206	413	206	246	4 169	40	12 531
Vote 2 - Budget and Treasury		-	-	-	-	-	-	-	-	-	-	-	1 000	1 000	1 550	1 350
Vote 3 - Corporate services		29	7	11	17	14	7	14	7	7	14	7	7	144	210	10
Vote 4 - Community and Social Services		143	36	57	86	72	36	72	36	36	72	36	(79)	600	6 270	115
Vote 5 - Technical Services		1 608	402	643	965	804	402	804	402	402	804	402	402	8 038	6 188	430
Capital single-year expenditure sub-total	2	2 605	651	1 042	1 563	1 302	651	1 302	651	651	1 302	651	1 576	13 950	14 258	14 436
Total Capital Expenditure	2	2 605	651	1 042	1 563	1 302	651	1 302	651	651	1 302	651	1 576	13 950	14 258	14 436

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7.2.22 SA29 Budgeted monthly Capital expenditure (standard classification)

EC132 Tsolwana - Supporting Table SA29 Budgeted monthly capital expenditure (standard classification)

Description	Ref	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Capital Expenditure - Standard	1															
Governance and administration		854	214	342	513	427	214	427	214	214	427	214	1 254	5 312	1 800	13 891
Executive and council		826	206	330	495	413	206	413	206	206	413	206	246	4 169	40	12 531
Budget and treasury office		-	-	-	-	-	-	-	-	-	-	-	1 000	1 000	1 550	1 350
Corporate services		29	7	11	17	14	7	14	7	7	14	7	7	144	210	10
Community and public safety		53	13	21	32	27	13	27	13	13	27	13	13	265	3 360	115
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-	-	-	3 000	-
Public safety		53	13	21	32	27	13	27	13	13	27	13	13	265	360	115
Economic and environmental services		1 603	401	641	962	801	401	801	401	401	801	401	286	7 898	8 923	250
Planning and development		30	8	12	18	15	8	15	8	8	15	8	(108)	35	2 910	-
Road transport		1 573	393	629	944	786	393	786	393	393	786	393	393	7 863	6 013	250
Trading services		95	24	38	57	48	24	48	24	24	48	24	24	475	175	180
Electricity		35	9	14	21	18	9	18	9	9	18	9	9	175	175	180
Waste management		60	15	24	36	30	15	30	15	15	30	15	15	300	-	-
Total Capital Expenditure - Standard	2	2 605	651	1 042	1 563	1 302	651	1 302	651	651	1 302	651	1 576	13 950	14 258	14 436
Funded by:																
National Government		2 348	587	939	1 409	1 174	587	1 174	587	587	1 174	587	587	11 741	11 463	12 491
Transfers recognised - capital		2 348	587	939	1 409	1 174	587	1 174	587	587	1 174	587	587	11 741	11 463	12 491
Internally generated funds		257	64	103	154	128	64	128	64	64	128	64	989	2 209	2 795	1 945
Total Capital Funding		2 605	651	1 042	1 563	1 302	651	1 302	651	651	1 302	651	1 576	13 950	14 258	14 436

TSOLWANA MUNICIPALITY BUDGET 14/15

7.2.23 SA30 Budgeted Monthly cash flow

EC132 Tsolwana - Supporting Table SA30 Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand															
<u>Cash Receipts By Source</u>													1		
Property rates	628	251	188	251	596	188	157	63	126	126	78	486	3 138	3 296	3 464
Service charges - electricity revenue	1 796	718	539	718	1 706	539	449	180	359	359	225	1 392	8 981	6 641	7 188
Service charges - water revenue	1 210	484	363	484	1 149	363	302	121	242	242	151	937	6 048	5 532	6 054
Service charges - sanitation revenue	518	207	156	207	492	156	130	52	104	104	65	402	2 592	2 269	2 493
Service charges - refuse revenue	310	124	93	124	295	93	78	31	62	62	39	240	1 550	1 278	1 376
Rental of facilities and equipment	15	6	5	6	14	5	4	2	3	3	2	12	75	120	126
Interest earned - external investments	100	40	30	40	95	30	25	10	20	20	13	78	502	532	564
Interest earned - outstanding debtors	206	82	62	82	195	62	51	21	41	41	26	159	1 028	1 122	1 207
Fines	100	40	30	40	95	30	25	10	20	20	13	78	500	550	600
Agency services	1 937	775	581	775	1 840	581	484	194	387	387	242	1 501	9 687	10 491	9 735
Transfer receipts - operational	25 032				18 774				18 774			-	62 580	66 436	67 803
Other revenue	23	9	7	9	22	7	6	2	5	5	3	18	114	122	129
Cash Receipts by Source	31 875	2 737	2 053	2 737	25 275	2 053	1 711	684	20 142	1 369	855	5 303	96 794	98 389	100 740
Other Cash Flows by Source															
Transfer receipts - capital	4 696		-		3 522				3 522			-	11 741	11 463	12 491
Proceeds on disposal of PPE							(30)					-	(30)	(30)	(30)
Total Cash Receipts by Source	36 571	2 737	2 053	2 737	28 797	2 053	1 681	684	23 665	1 369	855	5 303	108 505	109 822	113 201
<u>Cash Payments by Type</u>															
Employee related costs	2 234	2 234	2 234	2 234	2 234	2 234	2 234	2 234	2 234	2 234	2 234	2 234	26 807	29 192	31 791
Remuneration of councillors	241	241	241	241	241	241	241	241	241	241	241	241	2 890	3 148	3 428
Finance charges	24	10	7	10	23	7	6	2	5	5	3	19	120	128	137
Bulk purchases - Electricity	1 902	761	570	761	1 807	570	475	190	380	380	238	1 474	9 508	10 274	11 102
Bulk purchases - Water & Sewer	54	22	16	22	51	16	14	5	11	11	7	42	270	292	315
Transfers and grants - other	166	166	166	166	166	166	166	166	166	166	166	166	1 993	2 052	2 115
Other expenditure	3 264	3 264	3 264	3 264	3 264	3 264	3 264	3 264	3 264	3 264	3 264	3 264	39 166	37 048	36 796
Cash Payments by Type	7 884	6 696	6 499	6 696	7 785	6 499	6 400	6 103	6 301	6 301	6 152	7 439	80 753	82 135	85 685
Other Cash Flows/Payments by Type															
Capital assets	2 605	651	1 042	1 563	1 302	651	1 302	651	651	1 302	651	1 576	13 950	14 258	14 436
Total Cash Payments by Type	10 489	7 348	7 540	8 259	9 088	7 150	7 702	6 754	6 952	7 603	6 803	9 015	94 703	96 393	100 120
NET INCREASE/(DECREASE) IN CASH HELD	26 082	(4 611)	(5 488)	(5 522)	19 709	(5 097)	(6 021)	(6 070)	16 713	(6 234)	(5 948)	(3 712)	13 802	13 429	13 080
Cash/cash equivalents at the month/year begin:	8 636	34 718	30 108	24 620	19 098	38 807	33 710	27 689	21 619	38 332	32 098	26 150	8 636	22 438	35 867
Cash/cash equivalents at the month/year end:	34 718	30 108	24 620	19 098	38 807	33 710	27 689	21 619	38 332	32 098	26 150	22 438	22 438	35 867	48 948

TSOLWANA MUNICIPALITY BUDGET 14/15

7.2.24 SA34a Capital expenditure on new assets by asset class

EC132 Tsolwana - Supporting Table SA34a Capital expenditure on new assets by asset class

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Capital expenditure on new assets by Asset Class/Sub-class										
Infrastructure		3 434	6 663	2 508	8 900	18 652	18 652	7 613	5 713	-
Infrastructure - Road transport		3 043	3 444	780	5 900	15 652	15 652	7 613	5 713	-
Roads, Pavements & Bridges		3 043	3 444	780	5 800	15 652	15 652	7 613	5 713	-
Storm water					100	-	-			
Infrastructure - Electricity		391	3 219	1 728	3 000	3 000	3 000	-	-	-
Transmission & Reticulation			3 219	1 728	3 000	3 000	3 000			
Community		4 876	2 875	5 141	-	1 313	1 313	250	6 050	250
Sportsfields & stadia		3 043	1 570	1 532	-	705	705		3 000	
Community halls		1 834	1 305	3 610		608	608		2 750	
Other						-	-	250	300	250
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets		2 207	327	2 366	6 344	3 174	3 174	5 487	1 895	13 736
General vehicles		427	167	24	470	370	370	-	200	-
Specialised vehicles		-	-	-	-	-	-	300	-	-
Plant & equipment			85	268		20	20			
Computers - hardware/equipment		135			101			385	500	595
Furniture and other office equipment		245	75	80	290	693	693	524	995	470
Other Buildings		1 400		1 994	5 432	2 091	2 091	4 129	-	12 491
Other					51	-	-	150	200	180
Agricultural assets		-	-	-	-	-	-	-	-	-
List sub-class										
Biological assets		-	-	-	-	-	-	-	-	-
List sub-class										
Intangibles		-	-	-	50	50	50	600	600	450
Computers - software & programming					50	50	50	600	600	450
Other (list sub-class)										
Total Capital Expenditure on new assets	1	10 517	9 865	10 016	15 294	23 188	23 188	13 950	14 258	14 436

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7.2.25

AS34c Repairs and maintenance expenditure by asset

EC132 Tsolwana - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description	Ref	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Repairs and maintenance expenditure by Asset Class/Sub-class							
Infrastructure		2 149	-	-	2 382	2 615	2 828
Infrastructure - Road transport		171	-	-	125	180	205
Roads, Pavements & Bridges		171			125	180	205
Storm water							
Infrastructure - Electricity		803	-	-	647	704	767
Generation							
Transmission & Reticulation		803			647	704	767
Street Lighting							
Infrastructure - Water		1 075	-	-	1 500	1 609	1 720
Dams & Reservoirs							
Water purification					1 500	1 609	1 720
Reticulation		1 075					
Infrastructure - Sanitation		100	-	-	110	122	136
Reticulation							
Sewerage purification		100			110	122	136
Infrastructure - Other		-	-	-	-	-	-
Community		570	-	-	350	371	393
Sportsfields & stadia		100			250	265	281
Community halls		75					
Recreational facilities		300					
Cemeteries					100	106	112
Social rental housing							
Other		95					
Heritage assets		-	-	-	-	-	-
Investment properties		-	-	-	-	-	-
Other assets		905	-	-	1 123	1 305	831
General vehicles		525			823	993	536
Specialised vehicles		-	-	-	-	-	-
Plant & equipment		92			86	114	119
Computers - hardware/equipment					70	-	-
Furniture and other office equipment					144	199	176
Other Buildings							
Agricultural assets		-	-	-	-	-	-
List sub-class							
Biological assets		-	-	-	-	-	-
List sub-class							
Intangibles		-	-	-	-	-	-
Computers - software & programming							
Other (list sub-class)							
Total Repairs and Maintenance Expenditure	1	3 624	-	-	3 855	4 292	4 053

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7.2.26 A34d Supporting table Depreciation by asset class

EC132 Tsolwana - Supporting Table SA34d Depreciation by asset class

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Depreciation by Asset Class/Sub-class										
Infrastructure		-	-	2 283	5 101	5 101	5 101	5 754	6 330	6 963
Infrastructure - Road transport		-	-	1 871	4 725	4 725	4 725	5 334	5 867	6 454
Roads, Pavements & Bridges				1 871	4 725	4 725	4 725	5 334	5 867	6 454
Storm water										
Infrastructure - Electricity		-	-	412	376	376	376	421	463	509
Generation										
Transmission & Reticulation				412	376	376	376	421	463	509
Street Lighting				-						
Community		-	-	119	305	305	305	360	443	476
Parks & gardens										
Sportsfields & stadia				80				66	120	120
Swimming pools										
Community halls				38	210	210	210	294	323	355
Libraries										
Recreational facilities					57	57	57			
Cemeteries					38	38	38			
Social rental housing										
Other										
Investment properties		-	-	-	319	319	319	-	-	-
Housing development										
Other					319	319	319			
Other assets		-	-	727	457	457	457	697	770	846
General vehicles				72	77	77	77	185	205	223
Specialised vehicles		-	-	-	-	-	-	-	-	-
Plant & equipment				194	193	193	193			
Computers - hardware/equipment				93	68	68	68	10	12	15
Furniture and other office equipment				65	118	118	118	141	155	170
Civic Land and Buildings				176						
Other Buildings				0	1	1	1	362	398	438
Other				127						
Intangibles		-	-	335	62	67	67	70	75	85
Computers - software & programming				335	62	67	67	70	75	85
Other (list sub-class)										
Total Depreciation	1	-	-	3 463	6 244	6 249	6 249	6 881	7 618	8 369

TSOLWANA MUNICIPALITY BUDGET 14/15

7.2.27 SA36 detailed capital budget

EC132 Tsolwana - Supporting Table SA36 Detailed capital budget

Municipal Vote/Capital project R thousand	Ref 4	Program/Project description	Project number	IDP Goal code 2	Individually Approved (Yes/No) 6	Prior year outcomes		2014/15 Medium Term Revenue & Expenditure Framework		
						Audited Outcome 2012/13	Current Year 2013/14 Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Parent municipality:										
List all capital projects grouped by Municipal Vote										
List all capital programs/projects grouped by Municipal Vote										
1.1 - Municipal Manager		Furniture and Equipment		Yes	Furniture and Equipment		20	20	20	20
1.1 - Municipal Manager		Computer equipment		Yes	Computer equipment		20	20	20	20
1.1 - Municipal Manager		Buildings		Yes	Computer equipment		2 091	4 129		12 491
2.1 - Budget and Treasury		Furniture and Equipment		Yes	Other		50	50	50	50
2.1 - Budget and Treasury		Computer equipment		Yes	Intangible assets		45	350	450	550
2.1 - Budget and Treasury		Other		Yes	Computer equipment		20		450	300
2.1 - Budget and Treasury		Intangible assets		Yes			250	600	600	450
3.1 - Human Resources and Administration		Furniture and Equipment		Yes			52	144		
3.1 - Human Resources and Administration		Computer equipment		Yes			8		10	10
3.1 - Human Resources and Administration		Vehicles		Yes					200	
4.1 - Community Services		Furniture and Equipment		Yes			120	35	150	
4.1 - Community Services		Computer equipment		Yes			8		10	
4.1 - Community Services		LED Equipment		Yes			50			
4.1 - Community Services		Community hall 1		Yes			228			
4.1 - Community Services		Community hall 1		Yes			380			
4.1 - Community Services		community hall 2		Yes					2 750	
4.4 - Sport and Recreation		Sport field 1		Yes					3 000	
4.4 - Sport and Recreation		Sport field 2		Yes			705			
4.5 - Public Safety		Vehicles		Yes					200	
4.5 - Public Safety		Furniture and Equipment		Yes			60	250	150	100
4.5 - Public Safety		Computer equipment		Yes			15	15	10	15
4.5 - Public Safety		Vehicles		Yes			150			
4.5 - Public Safety		Traffic testing station		Yes			7 252			
4.6 - Refuse		Vehicles		Yes				300		
5.1 - Roads and Stormwater		Pavement		Yes			2 500			
5.1 - Roads and Stormwater		Road 1		Yes	Furniture and Equipment		5 800	1 613		
5.1 - Roads and Stormwater		Bridge		Yes	Yes			6 000	5 713	
5.1 - Roads and Stormwater		Stormwater		Yes	Yes		100	250	300	250
5.2 - Electricity		Other		Yes	Furniture and Equipment		15			
5.2 - Electricity		Furniture and Equipment		Yes	Computer equipment		20	25	25	
5.2 - Electricity		Computer equipment		Yes	Traffic testing station		10			
5.2 - Electricity		Vehicles		Yes	Vehicles		220			
5.2 - Electricity		Other		Yes				150	150	180
5.2 - Electricity		Electricity 1		Yes	Plant & Equipent		3 000			
Parent Capital expenditure	1							13 950	14 258	14 436

8. OVERVIEW OF THE ANNUAL BUDGET PROCESS

Budget Process Overview

Schedule of Key Deadlines relating to budget process [MFMA s 21(1)(b)]

The Act requires the formal budget process to start with the tabling by the Mayor in Council of a schedule showing the key budget deadlines. This was prepared and tabled during a Council meeting in August 2013.

Political oversight of the budget process

Section 53 of the MFMA requires that the Mayor provides general political guidance over the budget process and the priorities that must guide the preparation of the budget.

Process used to integrate the review of the IDP & preparation of the budget

Departments were required to give input and their needs to the budget. The budget process is integrated with the review of the IDP through the IDP review mechanism. The outcome of consultation feeding into the IDP review is taken into account in the budget process.

This budget had also better input from government departments in compared to previous years

Process for tabling the budget in Council for consultation

A statutory period of consultation follows the tabling of the budget in Council March 2014. Meetings with the local community should be advertised in the local press following the tabling of the draft budget.

The Mayor had considered the outcomes of these consultation meetings.

Process for approving the budget

The budget must be approved by Council by 31 May.

Process and media used to provide information on the budget to the community

All budget documentation, the MTREF together with tariffs and policies, was made available at Council libraries and offices for inspection.

Advertisements informing the public about the availability of these documents and the schedules for the IDP/Budget public hearings was published in all local newspapers and put up at municipal offices and libraries.

9. OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH THE INTEGRATED DEVELOPMENT PLAN

The IDP has been prepared for the Medium Term Revenue and Expenditure period which includes instances up to 2016/2017. A Budget and IDP Process Plan was developed and approved by Council during August 2013 Council meeting. The whole development of the Budget and IDP was based on the Budget and IDP Process Plan.

All the wards were visited and community needs and inputs were sought. All relevant stakeholders were consulted through the Intergovernmental Relations and Steering Committee meetings. The Integrated Development Plan of 2013/14 was developed in partial response to:

- The requirements of compliance with the Local Government Municipal Systems Act (MSA) 32 of 2000 which prescribes for the review of municipal integrated development plan (IDP), in which it prescribes for the municipality to:
 - Identify the gaps that warrant review in its IDP and revise accordingly
 - Review its performance and incorporate the outcomes of the review in its IDP review
 - Comments raised by MEC on the previous IDP
 - Queries raised by the auditor general in the municipality's annual statements which bear relevance for IDP and PMS linkages
 - A gap analysis conducted on the current IDP document pointed to the following key areas for specific attention and improvement during the formulation of this IDP.

9.1 Updating of the planning data

Updated statistical information has been sourced from Global Insight 2008 and used to improve our demographic projections. Further, we have collected updated planning information from sector departments and that has necessitated few changes in the document. The planning information is also updated to accommodate recent changes in government restructuring which took place after the April 2009 elections. The census of 2011 was also used.

9.2 Response to issues raised by AG relating to IDP & PMS linkages

Auditor General has raised concern over shortfalls in certain aspects of our planning process. In particular, key concerns were raised relating to the alignment of PMS and IDP. This IDP has been designed to ensure clear alignment between its IDP KPAs, development objectives and Targets. The document provides both the framework adopted for managing our performance management and the actual commitments in terms of the scorecards describing a set of indicators and targets for our performance management.

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10. MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS

10.1 Lack of office space

The municipal assessment of how to improve its service delivery has found that the lack of office space surely has an impact on service delivery. Staff cannot be appointed and community stand in long queues when visiting the municipal offices for whatever reason. We have included this as a MIG project for the 2013/14 and 2014/15 period.

10.2 Public Safety

The municipality is in the process of establishing their own traffic department. We have budgeted for the construction of a traffic station partially funded from MIG to the amount of R7.9 million for 2013/14 and the intention was to be operational in 2014/15. The testing station has not be completed and therefore it is anticipated that we will become operation during the last 6months of 2014/15. This is part of the municipality's revenue enhancement strategy to ensure financial sustainability in future.

10.3 Rehabilitation of internal roads

The condition of the internal road was also identified as a priority for Tsolwana Municipality. The roads in especially previously disadvantaged areas and rural areas need much attention to bring it up to an acceptable level. We have budgeted to upgrade the internal roads in Ward 1 and 2 during 2013/14 and 2014/15 and 2015/16.

10.4 Becclesfarm bridge

The condition of the bridge is a threat towards access in Ward 3. Awaiting the EIA report, this project will be implemented.

10.5 SCOA commission

As per the Gazette on Standard Chart of Accounts, Tsolwana municipality will starting to get ready for the implementation of SCOA. The focus will be on the IT infrastructure as well as the readiness of data during the 2014/15 financial year.

11. OVERVIEW OF BUDGET RELATED POLICIES AND AMENDMENTS

Listed below with a brief description are the municipality's budget related policies. The **detailed policies** are not included in this budget documentation. However, they are available at the Council's office in 21 Murray Street, Tarkastad.

This section is trying to give the user of this budget document a broad overview of the budget policy framework and highlights the amended policies by council resolution.

11.1 Budget Policy

Purpose/Basic areas covered by policy/main objective

The objectives of the budgeting policy are to set maximum expenditure limits for the budget or each component thereof, for the Municipality. A Municipality may only incur expenditure in accordance with its approved budget.

Date of council approval:

With previous budget (31 May 2014)

11.2 Tariff Policy

Purpose/Basic areas covered by policy/main objective

The purpose of this tariff policy is to prescribe the accounting and administrative policies and procedures relating to the determining and levying of tariffs by Tsolwana Municipality.

Date of council approval:

With previous budget (31 May 2014)

11.3 Credit Control and Debt Collection Policy

Purpose/Basic areas covered by policy/main objective

The Local Government: Municipal Finance Management Act, 2003, Act 56 of 2003 contains legal prescriptions for sound and sustainable management of the financial affairs of municipalities. Section 97 deals with revenue management, inter alia with effective revenue collection systems and the preparation of accounts for service charges.

A Credit Control and Debt Collection Policy is required in order to give effect to requirements of Act 56, generally and specifically with revenue collection.

Date of council approval:

With previous budget (31 May 2014)

11.4 Cash Management and Investment Policy

Purpose/Basic areas covered by policy/main objective

In order to ensure sound and sustainable management of the cash resources of the municipality this policy addresses all principles and processes involved in cash and investment management

Date of council approval:

With previous budget (31 May 2014)

11.5 Property rates policy

Setting of criteria for establishing rates tariffs.

Date of council approval:

With previous budget (31 May 2014)

11.6 Accounting Policy

Purpose/Basic areas covered by policy/main objective

Accounting policy guides the preparation of the Annual Financial Statements and is reviewed each year during the preparation to ensure compliance with GRAP standards and any guiding principles issued by Accounting Standards Board and National Treasury.

Date of council approval:

With previous budget (31 May 2014)

11.7 Virement Policy

Purpose/Basic areas covered by policy/main objective

The virement policy establishes the framework for managers to manage their respective budgets within certain limitations. It also ensures good budgeting practices en effective financial management.

Date of council approval:

With previous budget (31 May 2014)

11.8 Borrowing Policy

Purpose/Basic areas covered by policy/main objective

The objective of this policy is to ensure that the Municipality's borrowing practices at all times comply with the relevant laws and best practices. The primary goal in the borrowing of funds is to ensure that the funds are obtained at the lowest possible interest rates at minimum risk.

Date of council approval:

With previous budget (31 May 2014)

11.9 Fixed Assets Management Policy

Purpose/Basic areas covered by policy/main objective

The fixed assets management policy is designed to ensure management of Municipal assets in efficient and effective manner with regard to acquisition, utilisation, control, maintenance and disposal of assets. The policy guides directorates/departments and staff in their responsibility and duties for control of their assets.

Date of council approval:

With previous budget (31 May 2014)

11.10 Funding and Reserves Policy

Purpose/Basic areas covered by policy/main objective

This policy aims to set standards and guidelines towards ensuring financial viability over both the short- and long term and includes funding as well as reserves requirements.

Date of council approval:

With previous budget (31 May 2014)

11.11 Policy on the Use and Application of Information Technology

Purpose/Basic areas covered by policy/main objective

The purpose of this policy is to provide guidance to all current and future users of the information technology (IT) network, consisting of a variety of servers, personal computers, network printers and direct printers, to ensure that the system is properly managed, optimally used, applied to the best advantage of the municipality, and to prevent abuse of the system. This policy cannot lay down rules to cover every possible situation. Instead, it is designed to express the municipality's philosophy and set out the general principles that employees should apply when using computers.

Date of council approval:

With previous budget (31 May 2014)

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12. GRANT EXPENDITURE AND ALLOCATIONS

The grants programme its expenditure on transfers can be found under SA table 19.

Details of each grant are shown in the schedule that follows:

Name of Grant	Operating/capital	Allocation authority/department	Purpose of grant
Library Services	Operating	Province/ Cultural Affairs and Sport	To enable public libraries to render an improved service by addressing staffing shortages and operating needs. However, no formal correspondence received on any allocation that will be transferred to municipality
Councillor remuneration	Operating	National Treasury	To assist municipalities with the cost of cllr remuneration
Local Government Financial Mng grant (FMG)	Operating	National Treasury	To promote and support reforms in financial mng by building capacity in municipalities to implement MFMA
Municipal Systems Improvement Grant (MSIG)	Operating	COGTA	To assist municipalities in building in-house capacity to perform their functions and stabilise institutional and governance systems
Municipal Infrastructure Grant (MIG)	Operating/ Capital	COGTA	To supplement capital finance for basic municipal infrastructure. The operating portion is

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			utilised for project management unit.
Equitable Share	Operating	National Treasury	The equitable share of national revenue in accordance with the requirements of the Constitution.
EPWP	Incentive	National Public works	To assist with job creation

14. ALLOCATIONS AND GRANTS MADE BY THE MUNICIPALITY

Any allocation made to an outside body must comply with the requirements of section 67 of the MFMA. This stipulates that before transferring funds to an outside organisation the Municipal Manager, as Accounting Officer, must be satisfied that the organisation or body has the capacity to comply with the agreement and has adequate financial management and other systems in place.

National Treasury further indicated in MFMA circular 51 that no more “discretionary” funds may be appropriated in the budget due to such funds not being transparent during the consultation process.

The municipality did not budget to make any grant transfers to any outside organisation/body or other organ of state other than the indigent relief as included per Treasury guidance under transfers and grants paid. It should however be noted that these Indigent subsidies reflects under revenue foregone in the Annual financial statements due to GRAP requirements and not an expense item as per the budget.

15. COUNCILLOR ALLOWANCES AND EMPLOYEE BENEFITS

Supporting tables SA 22 and SA 23 summarises the salary, allowances and benefits over the MTREF.

16. SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP)

The Municipality’s service delivery and budget implementation plan can be found under the Municipality’s final IDP reviewed document for 2014/15.

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17. INVESTMENTS

The municipality does not have any money **that complies with the definition of investment**. However, most money is easily needed on an 'immediate' sort of scenario. That's why money not immediately needed is put in call accounts to attract a better interest rate than what you might get from a current account and a call account does not qualify as an investment.

18. CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS

The municipality does not have any roll – over contracts with budget implications, other than the delivery of water and sanitation as a Water Service Provider as per arrangement with the Chris Hani District Municipality.

19. CAPITAL EXPENDITURE AND PREVIOUSLY DELAYED PROJECTS

Capital expenditure details are listed in supporting tables 34 to SA37. The municipality does have projects that were not finished in 2014/13, however the inclusion will be upon approval of the delayed in previous financial years. It is however anticipated that we will apply for a roll-over which will be adjusted in the adjustment budget if approves.

20. ANNUAL BUDGETS AND SERVICE DELIVERY AGREEMENTS- MUNICIPAL ENTITIES AND OTHER EXTERNAL MECHANISMS

20.1 Entities

The municipality does not have any entities.

20.2 Other External Service Delivery Mechanisms.

The municipality has no other service delivery agreements with external parties for the delivery of the Municipality's services.

The municipality provides the water – and sanitation functions as the Water Service Provider on behalf of the Chris Hani District Municipality who is the Water Services Authority.

21. LEGISLATION COMPLIANCE STATUS

Municipal Finance Management Act - No 56 of 2003

The MFMA became effective on 1st July 2004. The Act modernises budget and financial management practices within the overall objective of maximising the capacity of municipalities to deliver services. The MFMA covers all aspects of municipal finance including budgeting, supply chain management and financial reporting. The various sections of the Act are phased in according to the

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designated financial management capacity of municipalities. Tsolwana has been designated as a medium capacity municipality. The MFMA is the foundation of the municipal financial management reforms which municipalities are implementing.

The MFMA and the budget

The following explains the budgeting process in terms of the requirements in the MFMA. It is based on National Treasury's guide to the MFMA.

The budget preparation process

The Mayor must lead the budget preparation process through a co-ordinated cycle of events that commences at least ten months prior to the start of each financial year.

Overview

The MFMA requires a Council to adopt three-year capital and operating budgets that take into account, and are linked to, the municipality's current and future development priorities and other finance-related policies (such as those relating to free basic service provision).

These budgets must clearly set out revenue by source and expenditure by vote over three years and must be accompanied by performance objectives for revenue and expenditure, a cash flow statement and any particulars on borrowings, investments, municipal entities, service delivery agreements, grant allocations and details of employment costs.

The budget may be funded only from reasonable estimates of revenue and cash-backed surplus funds from the previous year and borrowings (the latter for capital items only).

Budget preparation timetable

The first step in the budget preparation process is to develop a timetable of all key deadlines relating to the budget and to review the municipality's IDP and budget-related policies.

The budget preparation timetable is prepared by senior management and tabled by the Mayor for Council adoption by 31 August (ten months before the commencement of the next budget year).

Budget preparation and review of IDP and policy

The Mayor must co-ordinate the budget preparation process and the review of Council's IDP and budget-related policy, with the assistance of the municipal manager.

The Mayor must ensure that the IDP review forms an integral part of the budget process and that any changes to strategic priorities as contained in the IDP document have realistic projections of revenue and expenditure. In developing the budget, the management must take into account national and provincial budgets, the national fiscal and macro-economic policy and other relevant agreements or Acts of Parliament. The Mayor must consult with the relevant district Council and all other local municipalities in that district as well as the relevant provincial treasury and the National Treasury when preparing the budget, and must provide the National Treasury and other government departments with certain information on request.

This process of development should ideally occur between August and November, so that draft consolidated three-year budget proposals, IDP amendments and policies can be made available during December and January. This allows time during January, February and March for preliminary consultation and discussion on the draft budget.

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Tabling of the draft budget

The initial draft budget must be tabled by the Mayor before Council for review by 31 March.

Publication of the draft budget

Once tabled at Council, the Municipal Manager must make public the appropriate budget documentation and submit it to National Treasury and the relevant provincial treasury and any other government departments as required. At this time, the local community must be invited to submit representations on what is contained in the budget.

Opportunity to comment on draft budget

When the draft budget is tabled, Council must consider the views of the local community, the National Treasury and the relevant provincial treasury and other municipalities and government departments that may have made submissions on the budget.

Opportunity for revisions to draft budget

After considering all views and submissions, Council must provide an opportunity for the Mayor to respond to the submissions received and if necessary to revise the budget and table amendments for Council's consideration.

Following the tabling of the draft budget at the end of March, the months of April and May should be used to accommodate public and government comment and to make any revisions that may be necessary. This may take the form of public hearings, Council debates, formal or informal delegations to the National Treasury, provincial treasury and other municipalities, or any other consultative forums designed to address stakeholder priorities.

Adoption of the annual budget

The Council must then consider the approval of the budget by 31 May and must formally adopt the budget by 30 June. This provides a 30-day window for Council to revise the budget several times before its final approval.

If a Council fails to approve its budget at its first meeting, it must reconsider it, or an amended draft, again within seven days and it must continue to do so until it is finally approved – before 1 July.

Once approved, the Municipal Manager must place the budget on the municipality's website within five days.

BUDGET IMPLEMENTATION

Implementation management – the Service Delivery and Budget Implementation Plan (SDBIP)

The Municipal Manager must within fourteen days of the approval of the annual budget (by 14 July at the latest) submit to the Mayor for approval a draft SDBIP and draft annual performance agreements for all pertinent senior staff.

An SDBIP is a detailed plan for implementing the delivery of municipal services contemplated in the annual budget and should indicate monthly revenue and expenditure projections and quarterly service delivery targets and performance indicators.

The Mayor must approve the draft SDBIP within 28 days of the approval of the annual budget (by 28 July at the latest).

This plan must then be monitored by the Mayor and reported on to Council on a regular basis.

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Managing the implementation process

The municipal manager is responsible for implementation of the budget and must take steps to ensure that all spending is in accordance with the budget and that revenue and expenditure are properly monitored.

Variation from budget estimates

Generally, Councils may incur expenditure only if it is in terms of the budget, within the limits of the amounts appropriated against each budget vote – and in the case of capital expenditure, only if Council has approved the project.

Expenditure incurred outside of these parameters may be considered to be unauthorised or, in some cases, irregular or fruitless and wasteful. Unauthorised expenditure must be reported and may result in criminal proceedings.

Revision of budget estimates – the adjustments budget

It may be necessary on occasion for a Council to consider a revision of its original budget, owing to material and significant changes in revenue collections, expenditure patterns, or forecasts thereof for the remainder of the financial year.

In such cases a municipality may adopt an adjustments budget, prepared by the municipal manager and submitted to the Mayor for consideration and tabling at Council for adoption.

The adjustments budget must contain certain prescribed information, it may not result in further increases in taxes and tariffs and it must contain appropriate justifications and supporting material when approved by Council.

Requirements of the MFMA relating to the contents of annual budgets and supporting documentation

Section 17 of the MFMA stipulates that an annual budget of a municipality must be a schedule in the prescribed format and sets out what must be included in that format. In its MFMA circular 48, National Treasury set out detailed guidance on the contents of budget documentation and the supporting schedules. Tsolwana Municipality has made every effort to comply with the circular.

The following table shows how Tsolwana Municipality complies with the disclosure requirements of section 17 of the MFMA.

Requirement	Disclosure in budget documentation
Schedule of reasonably anticipated revenue for the budget year from each revenue source	A4
Schedule showing appropriations of expenditure for the budget year under the different votes of the Municipality	A3
Schedule setting out indicative revenue per revenue source and projected expenditure by vote for the two financial years following the budget year	A3 and A4
Schedule setting out- (i) estimated revenue and expenditure by vote for the	A3 and A4

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current year and (ii) Actual revenue and expenditure by vote for the financial year preceding the current year.	
Draft resolutions - (i) approving the budget of the Municipality (ii) imposing any municipal tax and setting any municipal tariffs as may be required for the budget year and (iii) Approving any other matters that may be prescribed.	Section 4
Measurable performance objectives for revenue from each source and for each vote in the budget, taking into account the Municipality's Integrated Development Plan.	Section 22 and SA 7
Projection of cash flow for the budget year by revenue source broken down per month	SA 25 – SA 26
Proposed amendments to the Municipality's integrated development plan following the annual review of the IDP in terms of section 34 of the Municipal Systems Act	Section 9
Particulars of the Municipality's investments	Section 17 and SA 16
Any prescribe information on municipal entities under the sole or shared control of the Municipality	N/a
Particulars of all proposed new municipal entities which the Municipality intends to establish or in which the Municipality intends to participate	N/a
Particulars of any proposed service delivery agreements, including material amendments to existing service delivery agreements	Section 20
Particulars of any proposed allocations or grants by the municipality to- (i) other municipalities (ii) any municipal entities and other external mechanisms assisting the municipality in the exercise of its functions or powers (iii) any other organs of state (iv) any organisations or bodies referred to in section 67 (1) (bodies outside Government)	Section 14
The proposed cost to the municipality for the budget year of the salary, allowances and benefits of- (i) each political office bearer of the Municipality (ii) Councillors of the municipality (iii) the municipal manager, the chief financial officer, each senior manager of the municipality and any other	Section 15

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official of the municipality having a remuneration package greater than or equal to that of a senior manager	
The proposed cost for the budget year to a municipal entity under the sole or shared control of the Municipality of the salary, allowances and benefits of- (i) each member of the entity's board of directors and (ii) the chief executive officer and each senior manager of the entity	N/a
The proposed cost for the budget year to a municipal entity under the sole or shared control of the Municipality of the salary, allowances and benefits of- (i) each member of the entity's board of directors and (ii) the chief executive officer and each senior manager of the entity	N/a
Any other supporting documentation as may be prescribed	SA forms

Other Legislation

In addition to the MFMA, the following legislation also influences municipal budgeting;

The Division of Revenue Act 2010 and Provincial Budget Announcements

Three year national allocations to local government are published per municipality each year in the Division of Revenue Act. The Act places duties on municipalities in addition to the requirements of the MFMA, specifically with regard to reporting obligations.

Allocations to the Municipality from Provincial Government are announced and published in the Provincial budget.

Section 18 of the MFMA states that annual budgets may only be funded from reasonably anticipated revenues to be collected. The provision in the budget for allocations from National and Provincial Government should reflect the allocations announced in the DORA or in the relevant Provincial Gazette.

The Municipal Systems Act - No 32 of 2000 and Municipal Systems Amendment Act no 44 of 2003

One of the key objectives of the Municipal Systems Act is to ensure financially and economically viable communities. The requirements of the Act link closely to those of the MFMA. In particular, the following requirements need to be taken into consideration in the budgeting process;

- Chapters 4 and 5 relating to community participation and the requirements for the Integrated Development Planning process.
 - Chapter 6 relates to performance management which links with the requirements for the budget to contain measurable performance objectives and quarterly performance targets in the Service Delivery and Budget Implementation Plan.
 - Chapter 8 relates to the requirement to produce a tariff policy.
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TSOLWANA

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MUNICIPAL MANAGER'S QUALITY CERTIFICATION

I, S.J. Dayi, Municipal Manager of Tsolwana Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the Municipality.



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S.J. Dayi
Municipal Manager of Tsolwana Municipality (EC 132)

Date: 30 May 2014
