

# ***ANNUAL BUDGET 2015/2016 AND MTREF***

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## **MAYORAL SPEECH**

It is a gratitude to present 2015/16 budget to the Council of Mhlontlo Local Municipality and the observers entirely. The budget prepared by the Municipality is in line with all the legislative imperatives that the state organs are obliged to consider. It is also important to highlight that this budget follows all national economic policies and other provincial strategies. These include National Development Plan, Provincial Development Plan as well as District ones.

It is a well-known fact that Mhlontlo Local Municipality has been, throughout the last financial year, experiencing financial constraints which had an adverse impact on service delivery. The Municipality was also hit hard by Municipal Infrastructure Grant Fund that was erroneously withheld by National Treasury.

Mhlontlo Local Municipality leadership supported by administration managed to survive using all tactics with potential to recover and have a stable situation. Among the strategies and tactics employed by the municipality, curtailment of expenditure usually incurred on items regarded as not mandatory was key to address matter. It is commendable that both politicians and employees had an understanding that significantly contributed to the improvement of the situation.

As we present budget for this financial year, there is a hope that communities of Mhlontlo will understand meagre resources the Municipality has. The national fiscus greatly contributes to the coffers of the Municipality, and there is very little that is raised out of own revenue.

The Municipality is implored to effectively utilise the current plans, strategies and policies designed to collect revenue.

The following reflects the Municipality's total budgeted amount according to sources. Total Budget is R253 273 832.85, as compared to last financial year's budget of R234 263 676.68. An amount of R218 572 000.00 is directly contributed by the National Treasury, and there is very little own revenue that the Municipality manages to contribute to the budget, which is R20 263 955.25.

## **FOCUS OF THE 2015/2016 BUDGET**

- With the 2015/2016 budget, emphasis is placed on the core service delivery obligations assigned to the municipality in the constitution.
- Maintenance of existing infrastructure enjoys preference once again and we are focusing on preventative and scheduled maintenance preceded by proper planning processes.
- Provision of basic services, improvement on refuse collections, infrastructure as well as sustainable service delivery.

## **CAPITAL BUDGET**

The capital budget flows from the IDP process and contains information obtained from relevant stakeholders and communities through a public participation process as well as ward committee processes where applicable.

The capital budget for the 2015/2016 financial year amounts to R52 698 872.78 Million with the main focus on the following:

Construction of Access Roads	R22 266 220
Construction of sports fields	R 5 000 000
Construction of a Town Hall	R15 250 000
Purchase of a refuse truck	R 2 400 000
Municipal vehicles	R 2 900 000
Community development centres	R 2 800 000
Traffic department equipment	R 210 000
Impounding site	R 300 000
Office furniture	R 1 239 000

## **OPERATING BUDGET**

The operating budget for the 2015/2016 financial year amounts to R204 889 979 Million. The maintenance budget for the coming financial year amounts to R4 577 405 Million which represents 2% of the total operating expenditure.

A 6% across the board general salary increase is budgeted as the salary negotiations are still in progress.

The total salary expenditure excluding remuneration of councillors amounts to R79.9 Million and represents 39% of the total budgeted expenditure. The remuneration of public office bearers amounts to R19.5 million and represents 10% of the total operating budget.

## **REVENUE BUDGET**

The major sources of revenue can be summarized as follows:

Assessment Rates	R15 662 647
Refuse charges	R 975 643
Government Grants	R218 572 000
Other Income	R 3 625 664

## **INDIGENT SUBSIDIES**

Provision is made in the operating budget for the subsidizing of the indigent households. The subsidy includes 50 units of electricity as well as a 100% subsidy on the refuse, 100% on assessment rates as well as the sewer tariff applicable to a household. The indigent policy provides for assistance to be given to households with a monthly income of less than twice the government pension.

The total budget for Indigent subsidies amounts to R 7.7 Million for the 2015/2016 financial year.

## **TARIFFS**

It is of essence that the financial viability and sustainability of the municipality is secured and therefore the principle of economic viability and sustainability was applied in the tariff determination for the 2015/2016 financial year. The aim of the tariff determinations are to ensure that all services can be run as a going concern on an independent and sustainable manner.

I find it necessary to point out that the current tariffs are not sufficient to ensure the sustainability of services and we would need to emphasize the implementation of cost reflective tariffs, essential for the economic viability of the municipality in the concurrent financial years.

The proposed average increase in the main tariff categories for the 2015/2016 financial year is as follows:

Assessment Rates                      6.2%

### **Refuse Removal**

We are also proposing an increase of 60% for all government sites and residential sites. A 237% for all commercial removals.

This means that on domestic removals it will be from R30 to R48, on government from R126 to R202.

We have also included an availability fee which will be charged on all vacant commercial ervens located in town.

The new roll will be effective from 1 July 2015. The roll was open for public inspection and objections.

## **INTEGRATED DEVELOPMENT PLAN (IDP)**

The reviewed IDP for the next year is also presented today for approval. We are proud of our IDP which discusses a variety of topics such as the economic welfare of the community of Mhlontlo, our financial situation as well as our projects that our planned for the next year. The IDP includes a comprehensive project register which indicates both funded and unfunded projects. The IDP and budget is linked with each other and the linkage is illustrated in the budget document. The IDP and budget tries to address service delivery backlogs which needs priority. The municipality's strategic objectives and also the national priorities are clearly indicated in the document.

## **SDBIP (SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN)**

The top level service delivery and budget implementation plan is attached herewith and is an indication of service delivery targets that is set for the 2015/2016 financial year. Emphasis is placed on sustaining and improving service delivery levels and extending services to all our communities.

## **IN CONCLUSION**

The budget submitted here today have been taken through a process of public participation to obtain input from all role players. Input obtained has been considered and where possible incorporated into the final budget.

**I THANK U**

**EN GIYOSE  
MAYOR**

## **CHAPTER 2**

### **COUNCIL RESOLUTION**

1. That in terms of section 24 of the Municipal Finance Management Act, 56 of 2003, the final Annual budget of the Mhlontlo Municipality for the financial year 2015/16; and indicative allocations for the two projected outer years 2016/17 and 2017/18; and the multi-year and single year capital appropriations are approved as set-out in the following tables:
  - 1.1. Budgeted Financial Performance (revenue and expenditure by standard classification);
  - 1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote);
  - 1.3. Budgeted Financial Performance (revenue by source and expenditure by type); and
  - 1.4. Multi-year and single year capital appropriations by municipal vote and standard classification and associated funding by source.
2. That the financial position, cash flow, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are adopted as set-out in the following tables:
  - 2.1. Budgeted Financial Position;
  - 2.2. Budgeted Cash Flows;
  - 2.3. Cash backed reserves and accumulated surplus reconciliation;
  - 2.4. Asset management; and
  - 2.5. Basic service delivery measurement.
3. That in terms of section 24(2)(c)(i) and (ii) of the Municipal Finance Management Act 56 of 2003 and sections 74 and 75A of the Local Government: Municipal Systems Act 32 of 2000 as amended, the tariffs for property rates and refuse removal as set out in annexure A, that were used to prepare the estimates of revenue by source, are approved with effect from 1 July 2015.
4. That in terms of 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) the tariffs for other services, as set out in Annexure A, that were used in compiling the final budget, are approved with effect from 1 July 2015
5. That in terms of section 24(2)(c)(iii) of the Municipal Finance Management Act, 56 of 2003, the measurable performance objectives for capital and operating expenditure by vote for each year of the medium term revenue and expenditure framework as set out in Supporting Table SA7 are approved.
6. That free basic services be provided to all registered indigent consumers **only** as follows:
  - The first 50 units of electricity free of charge
  - Refuse removal - full subsidy of single residential monthly levy and town cleaning levy
  - Property rates 100% subsidy
7. That interest be charged on all debtors accounts outstanding for a period of more than 30 days at the prevailing prime interest rate plus 2% charged by the Municipality's Banker.
8. That in terms of the provisions of **Section 75A** of the Municipal Systems Act, 32 of 2000, the notice of the tariff amendments be displayed on notice boards at all municipal offices, libraries, and be advertised in local newspapers.

9. That in terms of the provisions of the Municipal Property Rates Act, (Act 6 of 2004) the remissions be granted to property owners in terms of the provisions of the municipal rates policy subject to the conditions contained in said policy
10. That the amount due in respect of annual assessment rates for the 2015/2016 be due and payable on or before 30 September 2015.
11. That the amount due in respect of monthly Assessment rates and other service, basic and consumption charges, fees and penalties be due and payable on or before the following dates: 15 July 2015, 15 August 2015, 15 September 2015, 15 October 2015, 14 November 2015 , 15 December 2015, 15 January 2015, 13 February 2015, 13 March 2015, 15 April 2015, 15 May 2015, 15 June 2015.
12. That in terms of section 5 of the Municipal Property Rates Act, 6 of 2004, the amendments to the rates policy as indicated are approved with effect 1 July 2015
13. That in terms of the municipal budget and reporting regulations, paragraph 7, the amendments to the budget policies, as indicated, are approved with effect 1 July 2015
14. That in terms of section 24(2)(c)(iv) of the Municipal Finance Management Act, 56 of 2003, the final IDP for 2015/15 – 2018/19 be approved.
15. That the final documents be available for inspection and comments at the following places:  
Qumbu Municipal office and Tsolo Municipal Office

## **CHAPTER 3**

### **EXECUTIVE SUMMARY**

- With the 2015/2016 budget, emphasis is placed on the core service delivery obligations assigned to the municipality in the constitution.
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### **CHAPTER 4**

#### **ANNUAL BUDGET TABLES**

##### ***Operating budget (Schedules A1, A2, A3 &A4)***

The operating revenue budget of Mhlontlo Municipality amounts to R201.9 Million for 2015/2016 financial year. The increase is mainly a result of:

- increased tariffs
- Increase in equitable share and other grants

To ensure a credible and funded budget Mhlontlo Municipality had to increase tariffs. Consideration was given to the fact that Mhlontlo Municipality has been not been increasing tariffs marginally in the past which resulted in tariffs not being cost effective. A total review of the tariff structure is in progress. The increase in all tariffs will lead Mhlontlo municipality in having a more sustainable budget and ensuring that we will be able to render all services.

Please refer to budget assumptions for more detail. (Chapter 9)

The operating budgeted expenditure for the 2015/2016 MTREF amounts to R204.8 Million.

This increase is mainly a result of increase in:

- Salaries

A provisional 6% across the board general salary increase is budgeted as the salary negotiations are in progress.

EC156 Mhlontlo - Table A1 Budget Summary

Description	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Financial Performance</b>										
Property rates	6 919	7 270	7 608	7 971	7 971	-	7 576	15 663	16 414	17 327
Service charges	552	566	568	572	572	-	382	976	1 022	1 083
Investment revenue	1 940	2 314	1 413	1 817	352	-	642	682	715	757
Transfers recognised - operational	131 436	109 996	126 667	136 020	140 181	-	100 133	181 706	190 815	201 342
Other own revenue	3 776	3 558	4 079	15 784	2 724	-	4 477	2 943	3 085	3 257
<b>Total Revenue (excluding capital transfers and contributions)</b>	144 622	123 703	140 336	162 164	151 799	-	113 211	201 970	212 052	223 766
Employee costs	36 616	51 307	58 162	72 379	68 561	-	38 681	79 999	83 842	88 782
Remuneration of councillors	11 220	13 316	12 918	21 982	23 300	-	13 702	19 533	20 471	21 678
Depreciation & asset impairment	12 876	10 844	15 780	6 370	12 787	-	-	9 787	10 257	10 862
Finance charges	-	-	-	-	-	-	-	-	-	-
Materials and bulk purchases	-	-	-	-	-	-	-	-	-	-
Transfers and grants	-	-	-	-	-	-	-	-	-	-
Other expenditure	61 772	61 493	95 662	47 387	78 259	-	32 784	95 570	99 168	103 809
<b>Total Expenditure</b>	122 484	136 961	182 522	148 118	182 906	-	85 167	204 890	213 737	225 132
<b>Surplus/(Deficit)</b>	22 138	(13 257)	(42 186)	14 046	(31 108)	-	28 044	(2 920)	(1 685)	(1 366)
Transfers recognised - capital	-	24 670	33 290	40 675	61 634	-	30 355	36 866	38 636	40 915
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	22 138	11 413	(8 896)	54 721	30 526	-	58 399	33 946	36 950	39 550
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	22 138	11 413	(8 896)	54 721	30 526	-	58 399	33 946	36 950	39 550
<b>Capital expenditure &amp; funds sources</b>										
<b>Capital expenditure</b>	36 540	20 554	41 796	54 410	63 648	-	29 012	52 699	51 475	50 088
Transfers recognised - capital	36 540	20 554	41 796	54 410	63 648	-	29 012	52 699	51 475	50 088
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	-	-	-	-	-	-	-	-	-	-
<b>Total sources of capital funds</b>	36 540	20 554	41 796	54 410	63 648	-	29 012	52 699	51 475	50 088
<b>Financial position</b>										
Total current assets	25 577	39 783	12 614	29 337 206	16 944	-	41 618	20 743 220	21 946 233	23 153 246
Total non current assets	135 968	128 481	154 920	706	197 177	-	178 215	856	665	517
Total current liabilities	9 209	19 648	27 564	12 918	9 528	-	(1 137)	10 066	10 650	11 235
Total non current liabilities	4 212	4 095	4 345	-	-	-	13 459	-	-	-
Community wealth/Equity	148 124	144 522	135 626	223 125	204 593	-	207 510	231 533	244 962	258 435

<b>Cash flows</b>										
Net cash from (used) operating	39 837	41 027	10 710	49 598 (53 746)	64 192	-	44 817	38 984 (36 771)	42 230 (41 300)	45 169 (44 588)
Net cash from (used) investing	(32 420)	(19 957)	(43 840)	-	(63 504)	-	(41 817)	-	-	-
Net cash from (used) financing	-	-	-	-	-	-	-	-	-	-
<b>Cash/cash equivalents at the year end</b>	<b>14 071</b>	<b>35 141</b>	<b>2 009</b>	<b>2 222</b>	<b>337</b>	<b>-</b>	<b>2 648</b>	<b>2 713</b>	<b>3 642</b>	<b>4 223</b>
<b>Cash backing/surplus reconciliation</b>										
Cash and investments available	14 071	35 141	2 009	3 848	3 910	-	34 110	18 156	19 209	20 265
Application of cash and investments	(1 498)	10 735	(374)	3 195	(16 768)	-	(10 529)	(7 713)	(8 160)	(8 609)
<b>Balance - surplus (shortfall)</b>	<b>15 568</b>	<b>24 406</b>	<b>2 384</b>	<b>653</b>	<b>20 679</b>	<b>-</b>	<b>44 638</b>	<b>25 869</b>	<b>27 369</b>	<b>28 874</b>
<b>Asset management</b>										
Asset register summary (WDV)	22 350	28 473	28 750	23 141	28 801	-	215 934	215 934	228 458	241 024
Depreciation & asset impairment	12 876	10 844	15 780	6 370	12 787	-	9 787	9 787	10 257	10 862
Renewal of Existing Assets	-	-	-	-	-	-	-	-	-	-
Repairs and Maintenance	-	-	-	5 147	4 999	-	4 577	4 577	4 798	5 103
<b>Free services</b>										
Cost of Free Basic Services provided	-	-	-	-	-	-	-	-	-	-
Revenue cost of free services provided	-	-	-	2 479	2 479	-	-	-	-	-
<b>Households below minimum service level</b>										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-

EC156 Mhlontlo - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>R thousand</b>	<b>1</b>									
<b><u>Revenue - Standard</u></b>										
<i>Governance and administration</i>		60 976	57 456	59 368	89 926	90 758	-	114 487	120 050	127 339
Executive and council		26 836	27 388	16 678	40 528	38 231	-	52 279	54 811	58 035
Budget and treasury office		24 167	18 145	36 153	27 470	34 392	-	34 273	35 964	38 302
Corporate services		9 974	11 923	6 537	21 928	18 135	-	27 934	29 275	31 002
<i>Community and public safety</i>		9 310	22 200	15 087	19 299	17 359	-	15 147	15 866	16 739
Community and social services		-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		9 310	22 200	15 087	19 299	17 359	-	15 147	15 866	16 739
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		66 977	58 895	98 587	79 158	90 685	-	91 171	95 875	100 647
Planning and development		12 067	9 574	6 052	16 160	22 667	-	19 773	20 722	21 944
Road transport		54 911	49 321	92 535	62 998	68 018	-	71 398	75 154	78 703
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		7 359	9 822	584	14 455	14 631	-	18 032	18 897	20 012
Electricity		-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		7 359	9 822	584	14 455	14 631	-	18 032	18 897	20 012
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
<b>Total Revenue - Standard</b>	<b>2</b>	<b>144 622</b>	<b>148 373</b>	<b>173 626</b>	<b>202 839</b>	<b>213 432</b>	<b>-</b>	<b>238 836</b>	<b>250 688</b>	<b>264 738</b>
<b><u>Expenditure - Standard</u></b>	<b>-</b>									
<i>Governance and administration</i>		77 648	67 072	106 518	87 541	123 870	-	129 794	133 645	141 538
Executive and council		26 231	28 442	44 812	39 827	39 121	-	51 390	53 870	57 040
Budget and treasury office		37 753	23 966	47 497	27 391	62 914	-	47 910	47 818	50 655
Corporate services		13 664	14 664	14 209	20 323	21 834	-	30 494	31 957	33 843
<i>Community and public safety</i>		7 978	12 471	18 344	18 091	17 359	-	13 943	14 627	15 484
Community and social services		-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		7 978	12 471	18 344	18 091	17 359	-	13 943	14 627	15 484
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		30 575	42 374	45 071	28 300	27 047	-	45 521	49 083	51 094
Planning and development		5 921	6 483	15 480	11 351	8 494	-	16 973	17 787	18 837
Road transport		24 654	35 891	29 591	16 949	18 553	-	28 549	31 296	32 257
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		6 283	15 043	12 589	14 186	14 631	-	15 632	16 382	17 015

Electricity		-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		6 283	15 043	12 589	14 186	14 631	-	15 632	16 382	17 015
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
<b>Total Expenditure - Standard</b>	3	122 484	136 961	182 522	148 118	182 906	-	204 890	213 737	225 132
<b>Surplus/(Deficit) for the year</b>		22 138	11 413	(8 896)	54 721	30 526	-	33 946	36 950	39 606

**EC107 Mhlontlo - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)**

**EC156 Mhlontlo - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)**

Vote Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Revenue by Vote</b>	1									
Vote 1 - MAYOR'S OFFICE		2 790	2 032	1 050	1 841	1 237	-	2 285	2 417	2 550
Vote 2 - COUNCIL		17 512	15 641	10 264	25 717	24 125	-	33 941	35 570	37 669
Vote 3 - MUNICIPAL MANAGER'S OFFICE		6 534	9 716	5 363	6 855	12 288	-	8 576	8 988	9 518
Vote 4 - STRATEGIC SERVICES		-	-	-	6 115	581	-	7 477	7 836	8 299
Vote 5 - BUDGET & TREASURY OFFICE		24 167	18 145	36 153	27 470	34 392	-	34 273	35 964	38 302
Vote 6 - CORPORATE SERVICES		9 974	11 923	6 537	21 928	18 135	-	27 934	29 275	31 002
Vote 7 - LOCAL ECONOMIC DEVELOPMENT		12 067	9 574	5 985	12 582	6 152	-	19 773	20 722	21 944
Vote 8 - COMMUNITY SERVICES		16 669	32 022	15 671	33 755	31 989	-	33 178	34 763	36 751
Vote 9 - INFRASTRUCTURAL, DEVELOPMENT & PLANING		54 911	49 321	92 602	66 576	84 533	-	71 398	75 154	78 703
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	2	144 622	148 373	173 626	202 839	213 432	-	238 836	250 688	264 738
<b>Expenditure by Vote to be appropriated</b>	1									
Vote 1 - MAYOR'S OFFICE		1 897	2 653	2 636	1 841	1 237	-	2 285	2 407	2 541
Vote 2 - COUNCIL		16 454	16 959	18 890	25 017	25 015	-	33 141	34 732	36 781
Vote 3 - MUNICIPAL MANAGER'S OFFICE		7 880	8 830	23 286	6 854	12 288	-	8 487	8 894	9 419
Vote 4 - STRATEGIC SERVICES		-	-	-	6 115	581	-	7 477	7 836	8 299
Vote 5 - BUDGET & TREASURY OFFICE		37 753	23 966	47 497	27 391	62 914	-	47 910	47 818	50 655
Vote 6 - CORPORATE SERVICES		13 664	14 664	14 209	20 323	21 834	-	30 494	31 957	33 843
Vote 7 - LOCAL ECONOMIC DEVELOPMENT		5 921	6 483	10 022	7 773	5 152	-	16 973	17 787	18 837
Vote 8 - COMMUNITY SERVICES		14 261	27 515	30 933	32 277	31 989	-	29 574	31 009	32 499
Vote 9 - INFRASTRUCTURAL, DEVELOPMENT & PLANING		24 654	35 891	35 049	20 527	21 896	-	28 549	31 296	32 257
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-

Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>	2	122 484	136 961	182 522	148 118	182 906	-	204 890	213 737	225 132	
<b>Surplus/(Deficit) for the year</b>	2	22 138	11 413	(8 896)	54 721	30 526	-	33 946	36 950	39 606	

**EC156 Mhlontlo - Table A4 Budgeted Financial Performance  
(revenue and expenditure)**

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Revenue By Source</b>											
Property rates	2	6 919	7 270	7 608	7 971	7 971	-	7 576	15 663	16 414	17 327
Property rates - penalties & collection charges		-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	552	566	568	572	572	-	382	976	1 022	1 083
Service charges - other		-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		35	64	67	44	44	-	27	43	45	47
Interest earned - external investments		1 940	2 314	1 413	1 817	352	-	642	682	715	757
Interest earned - outstanding debtors		-	-	-	791	751	-	525	111	117	124
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines		81	151	183	164	68	-	126	216	226	238
Licences and permits		1 784	1 124	1 160	1 331	485	-	839	1 341	1 405	1 482
Agency services		-	-	807	792	899	-	551	877	919	970
Transfers recognised - operational		131 436	109 996	126 667	136 020	140 181	-	100 133	181 706	190 815	201 342
Other revenue	2	1 833	2 219	1 863	12 662	475	-	2 408	356	373	395
Gains on disposal of PPE		42	-	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>144 622</b>	<b>123 703</b>	<b>140 336</b>	<b>162 164</b>	<b>151 799</b>	<b>-</b>	<b>113 211</b>	<b>201 970</b>	<b>212 052</b>	<b>223 766</b>
<b>Expenditure By Type</b>											
Employee related costs	2	36 616	51 307	58 162	72 379	68 561	-	38 681	79 999	83 842	88 782
Remuneration of councillors		11 220	13 316	12 918	21 982	23 300	-	13 702	19 533	20 471	21 678
Debt impairment	3	17 784	989	1 720	800	19 431	-	-	5 350	5 607	5 938
Depreciation & asset impairment	2	12 876	10 844	15 780	6 370	12 787	-	-	9 787	10 257	10 862
Finance charges		-	-	-	-	-	-	-	-	-	-

Bulk purchases	2	-	-	-	-	-	-	-	-	-	-
Other materials	8	-	-	-	-	-	-	-	-	-	-
Contracted services		1 265	1 896	2 788	9 523	9 090	-	4 459	21 788	24 210	24 753
Transfers and grants		-	-	-	-	-	-	-	-	-	-
Other expenditure	4, 5	42 723	58 561	90 993	37 064	49 737	-	28 325	68 432	69 351	73 118
Loss on disposal of PPE		-	47	161	-	-	-	-	-	-	-
<b>Total Expenditure</b>		<b>122 484</b>	<b>136 961</b>	<b>182 522</b>	<b>148 118</b>	<b>182 906</b>	<b>-</b>	<b>85 167</b>	<b>204 890</b>	<b>213 737</b>	<b>225 132</b>
<b>Surplus/(Deficit)</b>		<b>22 138</b>	<b>(13 257)</b>	<b>(42 186)</b>	<b>14 046</b>	<b>(31 108)</b>	<b>-</b>	<b>28 044</b>	<b>(2 920)</b>	<b>(1 685)</b>	<b>(1 366)</b>
Transfers recognised - capital		-	24 670	33 290	40 675	61 634	-	30 355	36 866	38 636	40 915
Contributions recognised - capital		-	-	-	-	-	-	-	-	-	-
Contributed assets		-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>22 138</b>	<b>11 413</b>	<b>(8 896)</b>	<b>54 721</b>	<b>30 526</b>	<b>-</b>	<b>58 399</b>	<b>33 946</b>	<b>36 950</b>	<b>39 550</b>
Taxation		-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after taxation</b>		<b>22 138</b>	<b>11 413</b>	<b>(8 896)</b>	<b>54 721</b>	<b>30 526</b>	<b>-</b>	<b>58 399</b>	<b>33 946</b>	<b>36 950</b>	<b>39 550</b>
Attributable to minorities		-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) attributable to municipality</b>		<b>22 138</b>	<b>11 413</b>	<b>(8 896)</b>	<b>54 721</b>	<b>30 526</b>	<b>-</b>	<b>58 399</b>	<b>33 946</b>	<b>36 950</b>	<b>39 550</b>
Share of surplus/ (deficit) of associate	7	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>		<b>22 138</b>	<b>11 413</b>	<b>(8 896)</b>	<b>54 721</b>	<b>30 526</b>	<b>-</b>	<b>58 399</b>	<b>33 946</b>	<b>36 950</b>	<b>39 550</b>

### Capital budget (Schedule A5)

These projects are funded by the Municipal Infrastructure Grant, and equitable share

EC156 Mhlontlo - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Capital expenditure - Vote</b>											
<b>Capital multi-year expenditure sub-total</b>	7	-	-	-	-	-	-	-	-	-	-
<b>Single-year expenditure to be appropriated</b>	2										
Vote 1 - MAYOR'S OFFICE		-	-	-	700	-	-	-	-	-	-
Vote 2 - COUNCIL		-	-	7 628	-	-	-	-	800	846	893
Vote 3 - MUNICIPAL MANAGER'S OFFICE		-	267	-	-	-	-	-	89	-	-
Vote 4 - STRATEGIC SERVICES		-	-	-	-	-	-	-	-	-	-



Vote 5 - BUDGET & TREASURY OFFICE		-	174	1 275	-	-	-	-	1 500	-	-
Vote 6 - CORPORATE SERVICES		10 813	232	549	1 590	11	-	61	1 150	1 205	1 276
Vote 7 - LOCAL ECONOMIC DEVELOPMENT		-	-	645	4 770	1 000	-	716	2 800	2 934	3 108
Vote 8 - COMMUNITY SERVICES		2 857	551	28	1 400	-	-	-	3 510	3 678	3 896
Vote 9 - INFRASTRUCTURAL, DEVELOPMENT & PLANING		22 869	19 330	31 670	45 950	62 638	-	28 234	42 850	42 811	40 915
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>		<b>36 540</b>	<b>20 554</b>	<b>41 796</b>	<b>54 410</b>	<b>63 648</b>	<b>-</b>	<b>29 012</b>	<b>52 699</b>	<b>51 475</b>	<b>50 088</b>
<b>Total Capital Expenditure - Vote</b>		<b>36 540</b>	<b>20 554</b>	<b>41 796</b>	<b>54 410</b>	<b>63 648</b>	<b>-</b>	<b>29 012</b>	<b>52 699</b>	<b>51 475</b>	<b>50 088</b>
<b>Capital Expenditure - Standard</b>											
<i>Governance and administration</i>		10 813	673	9 452	2 290	11	-	61	3 539	2 052	2 169
Executive and council		-	267	7 628	700	-	-	-	889	846	893
Budget and treasury office		-	174	1 275	-	-	-	-	1 500	-	-
Corporate services		10 813	232	549	1 590	11	-	61	1 150	1 205	1 276
<i>Community and public safety</i>		-	460	5	1 200	-	-	-	1 110	1 163	1 232
Public safety		-	460	5	1 200	-	-	-	1 110	1 163	1 232
<i>Economic and environmental services</i>		22 869	19 330	32 316	50 720	63 638	-	28 950	45 650	45 745	44 023
Planning and development		-	-	645	4 770	1 000	-	716	2 800	2 934	3 108
Road transport		22 869	19 330	31 670	45 950	62 638	-	28 234	42 850	42 811	40 915
Environmental protection		-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		2 857	91	23	200	-	-	-	2 400	2 515	2 664
Waste management		2 857	91	23	200	-	-	-	2 400	2 515	2 664
<i>Other</i>		-	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Standard</b>	3	<b>36 540</b>	<b>20 554</b>	<b>41 796</b>	<b>54 410</b>	<b>63 648</b>	<b>-</b>	<b>29 012</b>	<b>52 699</b>	<b>51 475</b>	<b>50 088</b>
<b>Funded by:</b>											
National Government		36 540	20 554	41 796	54 410	63 648	-	29 012	52 699	51 475	50 088
Provincial Government		-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
<b>Transfers recognised - capital</b>	4	<b>36 540</b>	<b>20 554</b>	<b>41 796</b>	<b>54 410</b>	<b>63 648</b>	<b>-</b>	<b>29 012</b>	<b>52 699</b>	<b>51 475</b>	<b>50 088</b>
Public contributions & donations	5	-	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds	6	-	-	-	-	-	-	-	-	-	-
<b>Total Capital Funding</b>	7	<b>36 540</b>	<b>20 554</b>	<b>41 796</b>	<b>54 410</b>	<b>63 648</b>	<b>-</b>	<b>29 012</b>	<b>52 699</b>	<b>51 475</b>	<b>50 088</b>

### **Budgeted Financial position (Schedule A6)**

Current assets are assets that can be converted in cash within 12 months and mainly consist of cash in the bank, investments and debtors.

It is anticipated that no additional contribution to provision for bad debt is required as the budget is based on 64% collection rate and the total accumulated provision already in the general ledger is sufficient. Management has taken into consideration the appointment of debt collectors which must be finalised by July 2015.

Non-current Assets are assets that has a lifespan of longer than 12 months and mainly consist of fixed assets e.g. infrastructure and moveable assets.

The process of unbundling of assets has not been started and depreciation charges were calculated on baseline information available from the previous financial year.

It is anticipated that the year will end with a positive bank balance of R2.6 million whilst nett debtors will increase to R5 million

EC156 Mhlontlo - Table A6 Budgeted Financial Position

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>ASSETS</b>											
<b>Current assets</b>											
Cash		14 071	35 141	2 361	3 848	3 910	-	34 110	13 234	14 002	14 772
Call investment deposits	1	-	-	-	-	-	-	-	-	-	-
Consumer debtors	1	-	2 319	2 533	7 368	9 807	-	5 002	5 002	5 293	5 584
Other debtors		11 507	2 323	7 720	17 652	3 119	-	2 583	2 583	2 733	2 883
Current portion of long-term receivables											
Inventory	2				469	108	-	(76)	(76)	(81)	(85)
<b>Total current assets</b>		<b>25 577</b>	<b>39 783</b>	<b>12 614</b>	<b>29 337</b>	<b>16 944</b>	<b>-</b>	<b>41 618</b>	<b>20 743</b>	<b>21 946</b>	<b>23 153</b>
<b>Non current assets</b>											
Long-term receivables											
Investments									4 921	5 207	5 493
Investment property		21 401	27 442	27 442	21 401	27 442	-	27 442	27 442	29 034	30 631
Investment in Associate											
Property, plant and equipment	3	113 617	99 889	126 050	183 565	168 377	-	149 585	187 305	198 169	209 068
Agricultural											
Biological											
Intangible		949	1 031	1 308	1 740	1 359	-	1 187	1 187	1 256	1 325

Other non-current assets		-	119	119								
<b>Total non current assets</b>		<b>135 968</b>	<b>128 481</b>	<b>154 920</b>	<b>206 706</b>		<b>197 177</b>	-	<b>178 215</b>	<b>220 856</b>	<b>233 665</b>	<b>246 517</b>
<b>TOTAL ASSETS</b>		<b>161 545</b>	<b>168 264</b>	<b>167 534</b>	<b>236 043</b>		<b>214 121</b>	-	<b>219 833</b>	<b>241 599</b>	<b>255 612</b>	<b>269 670</b>
<b>LIABILITIES</b>												
<b>Current liabilities</b>	-											
Bank overdraft	1	-	-	352	-		-					
Borrowing	4	-	-	-	-		-	-	-	-	-	-
Consumer deposits		-	-	-	-		-	-	-	-	-	-
Trade and other payables	4	9 209	15 268	18 701	12 918		(3 931)	-	(1 137)	(3 393)	(3 590)	(3 788)
Provisions			4 380	8 511			13 459	-		13 459	14 240	15 023
<b>Total current liabilities</b>		<b>9 209</b>	<b>19 648</b>	<b>27 564</b>	<b>12 918</b>		<b>9 528</b>	-	<b>(1 137)</b>	<b>10 066</b>	<b>10 650</b>	<b>11 235</b>
<b>Non current liabilities</b>												
Borrowing		-	-	-	-		-	-	-	-	-	-
Provisions		4 212	4 095	4 345	-		-	-	13 459	-	-	-
<b>Total non current liabilities</b>		<b>4 212</b>	<b>4 095</b>	<b>4 345</b>	<b>-</b>		<b>-</b>	<b>-</b>	<b>13 459</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>		<b>13 421</b>	<b>23 743</b>	<b>31 908</b>	<b>12 918</b>		<b>9 528</b>	-	<b>12 323</b>	<b>10 066</b>	<b>10 650</b>	<b>11 235</b>
<b>NET ASSETS</b>	5	<b>148 124</b>	<b>144 522</b>	<b>135 626</b>	<b>223 125</b>		<b>204 593</b>	-	<b>207 510</b>	<b>231 533</b>	<b>244 962</b>	<b>258 435</b>
<b>COMMUNITY WEALTH/EQUITY</b>												
Accumulated Surplus/(Deficit)		148 124	144 522	135 626	223 125		204 593	-	207 510	231 533	244 962	258 435
Reserves	4	-	-	-	-		-	-	-	-	-	-
Minorities' interests		-	-	-	-		-	-	-	-	-	-
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	5	<b>148 124</b>	<b>144 522</b>	<b>135 626</b>	<b>223 125</b>		<b>204 593</b>	-	<b>207 510</b>	<b>231 533</b>	<b>244 962</b>	<b>258 435</b>

## Cash Flow (Schedule A7)

EC156 Mhlontlo - Table A7 Budgeted Cash Flows

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>											
<b>Receipts</b>											
Property rates, penalties & collection charges		6 228	5 345	6 158	9 453	11 189		15 397	7 831	8 207	8 664
Service charges		-	-	198	-	-			488	511	541
Other revenue		4 198	5 781	16 446	-	-			2 832	2 968	3 133
Government - operating	1	92 354	82 138	123 375	136 020	136 020		102 684	181 706	190 815	201 342
Government - capital	1	28 287	34 376	25 836	40 675	64 675		28 675	36 866	38 636	40 915
Interest		-	1 576	1 316	1 817	352		454	682	715	757
<b>Payments</b>											
Suppliers and employees		(91 230)	(88 188)	(162 619)	(138 368)	(148 043)		(102 392)	(191 422)	(199 623)	(210 184)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>39 837</b>	<b>41 027</b>	<b>10 710</b>	<b>49 598</b>	<b>64 192</b>	<b>-</b>	<b>44 817</b>	<b>38 984</b>	<b>42 230</b>	<b>45 169</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>											
<b>Receipts</b>											
Proceeds on disposal of PPE		1 225	157	-	-				-	-	-
Decrease (Increase) in non-current debtors		-	-	-	-				-	-	-
Decrease (increase) other non-current receivables		-	-	-	664	(11 658)		(13 143)	6 944	6 000	5 500
<b>Payments</b>											
Capital assets		(33 645)	(20 113)	(43 840)	(54 410)	(51 846)		(28 674)	(46 715)	(47 300)	(50 088)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(32 420)</b>	<b>(19 957)</b>	<b>(43 840)</b>	<b>(53 746)</b>	<b>(63 504)</b>	<b>-</b>	<b>(41 817)</b>	<b>(36 771)</b>	<b>(41 300)</b>	<b>(44 588)</b>
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>7 417</b>	<b>21 070</b>	<b>(33 130)</b>	<b>(4 148)</b>	<b>689</b>	<b>-</b>	<b>3 000</b>	<b>2 213</b>	<b>930</b>	<b>581</b>
Cash/cash equivalents at the year begin:	2	6 654	14 071	35 139	6 370	(352)		(352)	500	2 713	3 642
Cash/cash equivalents at the year end:	2	14 071	35 141	2 009	2 222	337		2 648	2 713	3 642	4 223

It is anticipated that the cash balance will end on a positive R2.6 million at the end of the financial year.

Cash out flows with regards to Capital additions will amount to R28.6 Million, whilst payments to suppliers will amount to R38.8 million.

**Cash backed reserves/accumulated surplus recon (Table A8 & SA10)**

Table A8 indicates that Mhlontlo will have a shortfall with regards to working capital of R18.1

EC156 Mhlontlo - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Cash and investments available</b>											
Cash/cash equivalents at the year end	1	14 071	35 141	2 009	2 222	337	-	2 648	2 713	3 642	4 223
Other current investments > 90 days		(0)	0	0	1 626	3 574	-	31 461	10 522	10 360	10 549
Non current assets - Investments	1	-	-	-	-	-	-	-	4 921	5 207	5 493
<b>Cash and investments available:</b>		<b>14 071</b>	<b>35 141</b>	<b>2 009</b>	<b>3 848</b>	<b>3 910</b>	<b>-</b>	<b>34 110</b>	<b>18 156</b>	<b>19 209</b>	<b>20 265</b>
<b>Application of cash and investments</b>											
Unspent conditional transfers		2 280	12 697	2 011	-	1 116	-	-	702	743	784
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2										
Other working capital requirements	3	(3 778)	(1 962)	(2 385)	3 195	(17 885)	-	(10 529)	(8 416)	(8 903)	(9 393)
Other provisions											
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5										
<b>Total Application of cash and investments:</b>		<b>(1 498)</b>	<b>10 735</b>	<b>(374)</b>	<b>3 195</b>	<b>(16 768)</b>	<b>-</b>	<b>(10 529)</b>	<b>(7 713)</b>	<b>(8 160)</b>	<b>(8 609)</b>
<b>Surplus(shortfall)</b>		<b>15 568</b>	<b>24 406</b>	<b>2 384</b>	<b>653</b>	<b>20 679</b>	<b>-</b>	<b>44 638</b>	<b>25 869</b>	<b>27 369</b>	<b>28 874</b>

## Asset management (table A9)

EC156 Mhlontlo - Table A9 Asset Management

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>CAPITAL EXPENDITURE</b>										
<b><u>Total New Assets</u></b>	1	36 540	20 554	41 796	54 410	63 648	-	52 699	51 475	50 088
<i>Infrastructure - Road transport</i>		22 869	17 423	31 670	21 291	37 631	-	42 850	42 811	40 915
<i>Infrastructure - Electricity</i>		-	-	-	-	348	-	-	-	-
<i>Infrastructure - Other</i>		2 857	-	23	-	-	-	-	-	-
Infrastructure		25 727	17 423	31 693	21 291	37 979	-	42 850	42 811	40 915
Community		-	2 105	645	17 924	15 924	-	2 700	2 830	2 997
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	10 813	586	9 457	14 895	9 746	-	7 149	5 835	6 176
Intangibles		-	441	-	300	-	-	-	-	-
<b><u>Total Capital Expenditure</u></b>	4									
<i>Infrastructure - Road transport</i>		22 869	17 423	31 670	21 291	37 631	-	42 850	42 811	40 915
<i>Infrastructure - Electricity</i>		-	-	-	-	348	-	-	-	-
<i>Infrastructure - Other</i>		2 857	-	23	-	-	-	-	-	-
Infrastructure		25 727	17 423	31 693	21 291	37 979	-	42 850	42 811	40 915
Community		-	2 105	645	17 924	15 924	-	2 700	2 830	2 997
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets		10 813	586	9 457	14 895	9 746	-	7 149	5 835	6 176
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	441	-	300	-	-	-	-	-
<b>TOTAL CAPITAL EXPENDITURE - Asset class</b>	2	36 540	20 554	41 796	54 410	63 648	-	52 699	51 475	50 088
<b>ASSET REGISTER SUMMARY - PPE (WDV)</b>	5									
<i>Infrastructure - Road transport</i>								121 827	128 893	135 982
<i>Infrastructure - Electricity</i>								348	368	388
<i>Infrastructure - Water</i>								-	-	-
<i>Infrastructure - Sanitation</i>								-	-	-
<i>Infrastructure - Other</i>								3 143	3 325	3 508
Infrastructure		-	-	-	-	-	-	125 317	132 586	139 878
Community								16 836	17 812	18 792
Heritage assets								225	238	251

Investment properties		21 401	27 442	27 442	21 401	27 442	-	27 442	29 034	30 631
Other assets								44 927	47 533	50 147
Intangibles		949	1 031	1 308	1 740	1 359	-	1 187	1 256	1 325
<b>TOTAL ASSET REGISTER SUMMARY - PPE (WDV)</b>	<b>5</b>	<b>22 350</b>	<b>28 473</b>	<b>28 750</b>	<b>23 141</b>	<b>28 801</b>	<b>-</b>	<b>215 934</b>	<b>228 458</b>	<b>241 024</b>
<b>EXPENDITURE OTHER ITEMS</b>										
<u>Depreciation &amp; asset impairment</u>		12 876	10 844	15 780	6 370	12 787	-	9 787	10 257	10 862
<u>Repairs and Maintenance by Asset Class</u>	3	-	-	-	5 147	4 999	-	4 577	4 798	5 103
Infrastructure - Road transport		-	-	-	1 200	1 341	-	2 150	2 253	2 386
Infrastructure - Electricity		-	-	-	1 226	721	-	721	755	800
Infrastructure - Other		-	-	-	250	1 500	-	150	157	166
Infrastructure		-	-	-	2 676	3 561	-	3 021	3 165	3 352
Community	6,	-	-	-	131	70	-	-	-	-
Other assets	7	-	-	-	2 340	1 368	-	1 557	1 632	1 751
<b>TOTAL EXPENDITURE OTHER ITEMS</b>		<b>12 876</b>	<b>10 844</b>	<b>15 780</b>	<b>11 517</b>	<b>17 786</b>	<b>-</b>	<b>14 364</b>	<b>15 055</b>	<b>15 965</b>
<i>Renewal of Existing Assets as % of total capex</i>		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<i>Renewal of Existing Assets as % of deprecn"</i>		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<i>R&amp;M as a % of PPE</i>		0.0%	0.0%	0.0%	2.8%	3.0%	0.0%	2.4%	2.4%	2.4%
<i>Renewal and R&amp;M as a % of PPE</i>		0.0%	0.0%	0.0%	22.0%	17.0%	0.0%	2.0%	2.0%	2.0%

**Basic Service delivery measurements ( Table A 10)**

This table gives an indication of the number of households in Mhlontlo Municipality and to what extend services are delivered to these households.

Mhlontlo currently has more than thirty thousand indigent households, however only less than five thousand are provided with free services because of budgetary constraints.

EC156 Mhlontlo - Table A10 Basic service delivery measurement

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Household service targets</b>	1									
<u>Water:</u>										
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
<b>Total number of households</b>	5	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
<b>Total number of households</b>	5	-	-	-	-	-	-	-	-	-
<u>Energy:</u>										
Electricity (at least min.service level)										
Electricity - prepaid (min.service level)										
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Electricity (< min.service level)								4 553	4 553	4 553
Electricity - prepaid (< min. service level)										
Other energy sources										
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	4 553	4 553	4 553
<b>Total number of households</b>	5	-	-	-	-	-	-	4 553	4 553	4 553
<u>Refuse:</u>										
Removed at least once a week										
<i>Minimum Service Level and Above sub-total</i>		-			1 135	1 135		1 135	1 135	1 135
<i>Below Minimum Service Level sub-total</i>		-	-	-	1 135	1 135	-	1 135	1 135	1 135
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-



Total number of households	5	-	-	-	1 135	1 135	-	1 135	1 135	1 135
<b>Households receiving Free Basic Service</b>	7									
Sanitation (free minimum level service)								4 553		
Electricity/other energy (50kwh per household per month)								265	265	265
Refuse (removed at least once a week)					265	265		265	265	265
Electricity/other energy (50kwh per household per month)								7 711	8 089	8 533
Refuse (removed once a week)								13	13	14
<b>Total cost of FBS provided (minimum social package)</b>		-	-	-	-	-	-	7 723	8 102	8 548
<b>Highest level of free service provided</b>	9									
<b>Revenue cost of free services provided (R'000)</b>										
Property rates (R15 000 threshold rebate)					2 383	2 383		25 665	25 665	25 665
Property rates (other exemptions, reductions and rebates)								170	170	170
Electricity/other energy								7 711	8 089	8 533
Refuse					96	96				
<b>Total revenue cost of free services provided (total social package)</b>		-	-	-	2 479	2 479	-	33 546	33 924	34 368

EC107 Mhlontlo - Table A10 Basic service delivery measurement

## **CHAPTER 5**

### **OVERVIEW OF THE ANNUAL BUDGET PROCESS**

The entire budget process is prescribed by the Municipal Finance Management Act.

Section 21(1) (b) of the MFMA requires the mayor to table not later than 10 months before the start of the budget year a time schedule outlining the key deadlines and processes for the preparation, tabling and approval of the Annual Budget, the review of the IDP and budget related policies and any consultation process which would be part of the process.

The time schedule was tabled to the Council on 29 August 2014.

The consultation process involves presenting and eliciting comments from the public by Ward and by placing an advert in the local press requesting budget input.

The following stakeholders are identified:

- 1 community
- 2 senior management
- 3 the work force
- 4 trade unions
- 5 rate payers association/agricultural forums
- 6 general public and interested parties

- 7 district municipality
- 8 national and provincial sector departments

Prescribed forms have been developed for both operating and capital inputs.

A Draft Budget is prepared, based on budget assumption where after the eagerly awaited Division of Revenue is received during February and published the grant and subsidy allocation in terms of which budget parameters are set or adjusted. Information from other sources, District Councils and Provincial Authorities are confirmed. Any surplus capacity is consumed.

During this time the IDP process has started with steering committee meetings as well as public consultation to primary confirm and re-affirm priorities as well as to disclose any new development. Critical to this process is capital project funding in terms of MIG. The IDP and Budget, as policy documents are reflected against each for purpose of IDP preparation and budget finalization.

The draft budget is then tabled to Council and then council authorizes that the budget is made public for comment. Once this period closes the comments received are once again considered and adjustments are brought about to produce a final budget for adoption by Council.

#### ***Political oversight of the process***

The schedule of key deadlines was submitted to management meeting to monitor the progress of the process by officials against the schedule tabled by the Mayor. The Mayor was regularly informed on the progress.

#### ***Consultations & advertisements***

Advertisements will be placed in the local newspapers circulating in the area of jurisdiction and district informing the community of the approval of the budget.

A formal process of consultation has been conducted after the draft budget & IDP was approved by Council.

This has been done by the following methods:

- The draft budget have been made public by making it available at Mhlontlo Municipality's offices and on the website
- Notices were published in local newspapers in the area inviting members of the public to submit representations on the budget.
- Community meetings in all wards

Community hearings have been conducted at all areas.

#### ***Stakeholders***

The following stakeholders have be consulted:

- National Treasury
- Provincial Treasury
- Provincial sector departments

- District municipality
- Providers of bulk resources for water & electricity
- Community

## **CHAPTER 6**

### **ALIGNMENT OF ANNUAL BUDGET WITH INTEGRATED DEVELOPMENT PLAN**

#### **AMENDMENT AND ADJUSTMENT TO THE 2015/2016 IDP**

##### ***The review process focussed on:***

- ❖ Improving the **strategic nature** of the document, thereby ensuring effective use of available data, careful consideration of available resources, as well as exploring locally appropriate solutions to complex development issues.
- ❖ Increasing the usefulness of the document during **implementation** and monitoring.

##### ***The process was influenced by:***

- ❖ Project progress information as provided by Heads of Departments
- ❖ An extensive data search to update the analysis chapter.
- ❖ Inputs from community based planning initiatives

The alignment of the IDP with the budget is illustrated in schedules SA4, SA5, SA6. The schedules are attached.

These allocations are to link up with the Service Delivery and Budget Implementation plan. A Service Delivery and Budget Implementation Plan has been developed and is tabled with the budget to Council. The final SDBIP needs to be approved within 28 days after the adoption of the budget. KPA's and KPI's have been developed and strategic alignment between IDP, Budget and SDBIP is ascertain.

## **CHAPTER 7**

### **MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS**

The SDBIP is tabled as separate document together with the budget.

## **CHAPTER 8**

### **BUDGET RELATED POLICIES**

The prioritization of service delivery and the management of council functions is the key to the budget. Mhlontlo municipality's budget process is guided and governed by legislation regulations and budget related policies.

Mhlontlo Municipality embarked on a process of reviewing all financial and budget related policies during the budget process for 2015/16 financial year.

These policies need to be enacted into by-laws thereby enabling council to undertake its revenue collection effort to court and further securing income generation.

#### ***Tariff Policy***

The Municipal Systems Act requires a municipality to have a tariff policy. One of the challenges in setting tariffs is ensuring affordable tariffs whilst maintaining financial stability.

The tariff policy tries to address this issue and creates a foundation for the principles that address social, economic and financial imperatives that the process of tariff setting should take into account.

Changes proposed: The policy was updated to ensure alignment with the tariffs charged

#### ***Rates policy***

Mhlontlo Municipality has adopted a rates policy which is line with legislative requirements. The policy became effective 01 July 2009 and was reviewed during 2014/15

The policy provides that properties be rated based on their market value. The process of compiling a new valuation roll has started and the draft valuation rolls are currently open for public comment. The new valuation rolls will be implemented with effect 1 July 2015.

Changes proposed: No changes proposed on policy

#### ***Indigent Policy***

Mhlontlo municipality is committed to ensure that all households have access to its services. Due to the fact that the Municipality has a high level of unemployment the municipality decided to adopt an indigent policy. This policy will ensure that poor households have at least access to basic services.

Changes proposed: No changes proposed on policy

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

Municipalities are required in terms of section 111 of MFMA to have a supply chain management policy. Mhlontlo Municipality has a policy within the framework of the legislation. The policy adheres to the following principles:

- Procurement system which is fair, equitable, transparent, competitive and cost effective in terms of section 217 of the Constitution
- Best practice within supply chain management
- Uniformity in supply chain management systems between organs of state in all spheres

The policy has been reviewed during the 2014/15 financial year.

Changes proposed: No changes is proposed

### ***Credit control and debt management policy***

The credit control policy of Mhlontlo Municipality was reviewed during 2014/2015. This policy provides the procedures and mechanisms for credit control and collection of debts. The primary objective is to ensure that all monies due to the municipality are collected efficiently and promptly.

Changes proposed: Update on the deposit policy annexure to include new tariffs

### ***Banking and Investment policy***

As custodians of public funds, the Council has an obligation to see to it that cash resources are managed as effectively as possible. Council has a responsibility to invest public funds with great care and are liable to the community in that regard.

The investment policy should be aimed at gaining the highest possible return without undue risk during those periods when funds are not needed. To bring this about, it is essential to have an effective cash flow management program.

Changes proposed: No changes is proposed

### ***Asset management policy***

The Asset Management Policy provides direction for the management, accounting and control of Property, Plant & Equipment (Fixed Assets) owned or controlled by municipality.

Changes proposed: Changes to useful lifes and to bring it in line with the Act and the GRAP standards

### ***Virement policy***

No changes proposed

## **CHAPTER 9**

### **BUDGET ASSUMPTIONS**

The budget for the 2015/2016 financial year was drawn up with the following assumptions and principles taken into account:

- The budget is prepared in terms of the provisions of the Generally Recognised Accounting Practice framework to comply with the provisions of the MFMA GAMAP/GRAP implementation dates.
- Revenue figures are based on realistic estimates of revenue to be collected.
- Actual revenue collected for the current year and realistic revenue projections were taken into account in determining the revenue for the coming year.
- The principals of economic viability and sustainability is applied in all services and where possible no cross subsidization is done between services.
- National growth parameters were used as far as possible for the determination of outer year budget amounts.
- A general salary increase of 6 % is used for the determination of the salaries of staff ,Public office bearers and Senior Management
- The Municipality still relies heavily on grants and subsidies for funding of the capital requirements for the 2015/2016 financial year and does not possess the financial capacity to raise capital from own revenue sources.
- Only funded capital projects are included in the capital estimates for the 2015/2016 financial year.
- Both the capital and operating budgets are informed by the IDP process done through a public participation process.

## **CHAPTER 10**

### **BUDGET FUNDING**

#### **FUNDING OF OPERATING EXPENDITURE**

Operating expenditure to the amount of R238 Million is funded through the following sources:

<b>REVENUE</b>			
<b>ITEM</b>	<b>2014/2015 BUDGET</b>	<b>2015/2016 BUDGET</b>	<b>%</b>
<b>Grants</b>			
Equitable Share	127 895 000.00	159 404 000.00	125%
Financial Management Grant	1 800 000.00	1 875 000.00	104%
Municipal System Improvement Grant	934 000.00	930 000.00	100%
EPWP	1 221 000.00	1 000 000.00	82%
Library	170 000.00	170 000.00	100%
INEP	4 000 000.00	13 000 000.00	325%
MIG	64 675 000.00	42 193 000.00	65%
<b>TOTAL GRANT ALLOCATIONS</b>	<b>200 695 000.00</b>	<b>218 572 000.00</b>	<b>109%</b>
<b>OWN REVENUE</b>			
Property Rates	7 970 738.07	15 662 647.52	<b>197%</b>
Refuse	571 784.97	975 643.32	<b>171%</b>
Interest Billed on outstanding debts	750 598.06	111 491.09	<b>15%</b>
Interest on Investments	351 756.10	682 253.84	<b>194%</b>
Rental of facilities	26 842.29	42 759.77	<b>159%</b>
Other	1 928 593.90	2 789 159.72	<b>145%</b>
<b>TOTAL</b>	<b>11 600 313.38</b>	<b>20 263 955.25</b>	<b>175%</b>
<b>TOTAL REVENUE</b>	<b>212 295 313.38</b>	<b>238 835 955.25</b>	<b>113%</b>

**Total revenue - R238 835 955 millio**

**Total Expenditure - R257 588 852million**

**Net Budgeted deficit - R18 752 896 million**

Operating revenue raised is budgeted bearing in mind a 64% debtors payment percentage, should actual payment rates be lower, a downward adjustment of the expenditure needs to be done through a budget control process.

Outstanding debtors will be handed over to attorneys and debt collection agencies to assist the municipality in collecting outstanding monies. It is because of this process that management feels confident that a 98% collection rate can be obtained.



## **FUNDING OF CAPITAL EXPENDITURE**

Capital expenditure for the 2015/2016 financial year amounts to R52 698 872 million and is funded as follows:

- Grants and subsidies received - R52.6million

## **FISCAL SUSTAINABILITY OF THE MUNICIPALITY**

The budget is compiled with the assumption of a 98% debtors payment rate, the current debtors payment rate is approximately 64%.

Budget control is exercised in order to ensure that operating expenditure does not exceed actual operating revenue received. The current revenue levels are sufficient to ensure the sustainable rendering of services and the execution of the constitutional mandate in the short and medium term. The municipality is currently struggling to service all of its current commitments and continue as a going concern.

The credit control policy will be strictly enforced in the 2015/2016 financial year to ensure that all monies due to the municipality is collected in further contribution to the sustainable rendering of services. Incentives are available to consumers/ratepayers in arrears should accounts be settled or arrangements for the settlement of long outstanding debt be concluded.

## **FINANCIAL CHALLENGES AND CONSTRAINTS**

Mhlontlo Municipality faces the following financial challenges:

- 1) Achieving financial stability in the medium term and long term
- 2) Dependence on grant funding
- 3) Acceptable level of tariff increases – trying to balance financial sustainability and Affordability
- 4) Managing cost
- 5) Exploring alternative revenue sources
- 6) Poor/slow indigent registration

In order to address the first challenge, the municipality had approach Provincial Treasury for assistance. Provincial Treasury will assist with drafting a recovery plan which is implemented and constantly monitored.

## **FINANCIAL RISKS**

Financial risks include:

- Changes in inflation rate and other variables
- Unemployment trends
- Global financial instability
- 

## **FUNDING COMPLIANCE IN TERMS OF SECTION 18 OF THE MFMA**

In compliance with the requirements of Section 18 of the MFMA, the revenue budget was based on the following principles:

- Realistically anticipated revenue to be collected.

- Projected revenue for the current year is based on collection levels to date.
- Actual revenue of previous years was taken into account.
- Capital projects were only included if funding confirmation was received, either by means of the DORA allocations as promulgated or by means of commitment from funding institutions.

#### **PARTICULARS OF PLANNED SAVINGS OVER THE MEDIUM TERM**

The principle of value adding in all aspects of the administration and service rendering is applied and no expenditure is incurred unless value is added to the municipal administration or services. Care is taken in administrative and supply chain processes to ensure that real economic benefit flows to the municipality as a result of funds being spent.

The following expenditure items are closely monitored:

- Travelling and subsistence
- Telephone expenses.
- Overtime and standby allowances
- Workshops and conferences.
- Fuel and maintenance expenditure in respect of service delivery vehicles

#### **CONTRIBUTIONS OR DONATIONS IN CASH OR IN-KIND**

No donations are budgeted for the 2015/2016 financial year..

#### **PARTICULARS OF THE MUNICIPALITY'S INVESTMENTS**

None

#### **PARTICULARS OF BANK OVERDRAFTS AND CREDIT FACILITIES**

None

#### **PARTICULARS OF NEW AND EXISTING BORROWINGS**

None

#### **PARTICULARS OF GRANTS AND SUBSIDIES RECEIVED ( See Schedule SA 18)**

The budgeted grants to be received for the 2015/2016 financial year are as follows:

## Grants

<b>REVENUE</b>			
<b>ITEM</b>	<b>2014/2015 BUDGET</b>	<b>2015/2016 BUDGET</b>	<b>%</b>
<b>Grants</b>			
Equitable Share	127 895 000.00	159 404 000.00	125%
Financial Management Grant	1 800 000.00	1 875 000.00	104%
Municipal System Improvement Grant	934 000.00	930 000.00	100%
EPWP	1 221 000.00	1 000 000.00	82%
Library	170 000.00	170 000.00	100%
INEP	4 000 000.00	13 000 000.00	325%
MIG	64 675 000.00	42 193 000.00	65%
<b>TOTAL GRANT ALLOCATIONS</b>	<b>200 695 000.00</b>	<b>218 572 000.00</b>	<b>109%</b>

## **PARTICULARS OF PROPERTY VALUATIONS RATES TARIFFS AND CHARGES**

Property rates are levied in terms of the provisions of the Municipal Property Rates Act, 6 of 2004 . The current valuation roll was implemented with effect from 1 July 2009. The new valuation roll will be implemented form July 2015.

## **CHAPTER 11**

### **ALLOCATIONS AND GRANTS MADE BY THE MUNICIPALITY**

No allocations will be made to any other municipality, any organ of state or any organization or bodies outside any sphere of government as referred to in section67(1) of the Act.

## CHAPTER 12

### ALLOCATIONS AND GRANTS TO BE RECEIVED BY THE MUNICIPALITY

It is anticipated that the municipality will receive R25.449 million in operating grants and R43.539 in capital grants.

The municipality is heavily reliant on grant funding especially for capital expenditure. 100% of capital acquisitions will be funded from grants. Operational grant funding constitutes 73% of the total operating income of the municipality.

Schedule SA18 gives details of the different grants that will be received.

EC156 Mhlontlo - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>RECEIPTS:</b>										
<b>Operating Transfers and Grants</b>	1, 2									
<b>National Government:</b>		91 414	114 131	-	135 850	138 892	-	180 766	191 709	155 912
Local Government Equitable Share		87 213	95 773		127 895	127 895	-	159 404	168 894	132 443
Municipal Systems Improvement		790	800		934	934	-	930	984	1 038
Finance Management		1 450	1 500		1 800	1 800	-	1 875	2 010	2 345
EPWP Incentive		961	1 058		1 221	1 221	-	1 000	-	-
Integrated National Electrification Programme		1 000	15 000		4 000	4 000	-	13 000	15 000	15 000
Municipal Infrastructure Grant (MIG)-operating		-	-	-	-	3 042	-	4 557	4 821	5 086
<b>Provincial Government:</b>		117	211	-	-	1 290	-	170	170	179
Library & Subsidies		-	115		-	170	-	170	170	179
Traditional Leaders		-			-	-	-	-	-	-
Gqunu Lots		-			-	-	-	-	-	-
Housing Grant		-			-	726	-	-	-	-
LED		117	96		-	393	-	-	-	-
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-
<i>[insert description]</i>										
<b>Other grant providers:</b>		-	-	-	-	-	-	-	-	-
<i>[insert description]</i>										
<b>Total Operating Transfers and Grants</b>	5	91 531	114 342	-	135 850	140 181	-	180 936	191 879	156 091
<b>Capital Transfers and Grants</b>										
<b>National Government:</b>		28 287	34 376	-	40 675	61 634	-	37 636	38 977	41 118
Municipal Infrastructure Grant (MIG)		28 287	34 376		40 675	61 634	-	37 636	38 977	41 118
<b>Total Capital Transfers and Grants</b>	5	28 287	34 376	-	40 675	61 634	-	37 636	38 977	41 118
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>		119 818	148 718	-	176 525	201 815	-	218 572	230 856	197 209

## **CHAPTER 13**

### **ANNUAL BUDGET AND SDBIP – DEPARTMENTS**

A top level service delivery and budget implementation plan is included in the budget documentation. The SDBIP is indicative of service delivery targets for the 2015/16 financial year. Emphasis is placed on the sustaining of current services and further enhancement if service delivery to all communities.

## CHAPTER 14

### CAPITAL EXPENDITURE DETAILS

Total capital expenditure for 2015/2016 will amount to R52.6 million. These acquisitions will be funded by grants

Please refer to Schedules:

- SA34a – Capital expenditure on new assets per class
- SA34b – Capital expenditure on the renewal of existing assets
- SA34c – Repairs and maintenance schedule by class of asset
- SA34d - Consolidated depreciation per asset class
- SA36 – Detailed capital budget

EC156 Mhlontlo - Supporting Table SA34a Capital expenditure on new assets by asset class

Description	Re f	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcom e	Audited Outcom e	Audited Outcom e	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>R thousand</b>	1									
<b>Capital expenditure on new assets by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		25 727	17 423	31 693	21 291	37 979	-	42 850	42 811	40 915
Infrastructure - Road transport		22 869	17 423	31 670	21 291	37 631	-	42 850	42 811	40 915
<i>Roads, Pavements &amp; Bridges</i>		22 869	17 423	31 670	21 291	37 631	-	42 850	42 811	40 915
<i>Storm water</i>										
Infrastructure - Electricity		-	-	-	-	348	-	-	-	-
<i>Street Lighting</i>						348				
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		2 857	-	23	-	-	-	-	-	-
<i>Waste Management</i>		2 857		23						
<b>Community</b>		-	2 105	645	17 924	15 924	-	2 700	2 830	2 997
Parks & gardens										
Sportsfields & stadia					14 924	14 924				
Swimming pools						-				
Community halls			1 898	645	3 000	1 000		2 700	2 830	2 997
<b>Heritage assets</b>		-	-	-	-	-	-	-	-	-
Buildings										
Other	9									
<b>Investment properties</b>		-	-	-	-	-	-	-	-	-
Housing development										
Other										
<b>Other assets</b>		10 813	586	9 457	14 895	9 746	-	7 149	5 835	6 176
General vehicles			463	7 628	700			5 100	3 781	4 000

Specialised vehicles	10	-	-	-	-	-	-	-	-	
Plant & equipment		10	52	1 200						
Computers - hardware/equipment										
Furniture and other office equipment		8	1 473	860	11		1 199	1 163	1 232	
Abattoirs					-					
Markets					-					
Civic Land and Buildings					-					
Other Buildings		354	60	331	11 135	9 735	650	681	721	
Other Land										
Surplus Assets - (Investment or Inventory)										
Other		10 459	45	(26)	1 000	-	200	210	222	
<b>Agricultural assets</b>		-	-	-	-	-	-	-	-	
<i>List sub-class</i>										
<b>Biological assets</b>		-	-	-	-	-	-	-	-	
<i>List sub-class</i>										
<b>Intangibles</b>		-	441	-	300	-	-	-	-	
Computers - software & programming			441		300	-				
Other ( <i>list sub-class</i> )										
<b>Total Capital Expenditure on new assets</b>	1	36 540	20 554	41 796	54 410	63 648	-	52 699	51 475	50 088

<b>Specialised vehicles</b>		-	-	-	-	-	-	-	-
Refuse									
Fire									
Conservancy									
Ambulances									

EC156 Mhlontlo - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand	1									
<b>Repairs and maintenance expenditure by Asset Class/Sub-class</b>										
-										
<b>Infrastructure</b>		-	-	-	2 676	3 561	-	3 021	3 165	3 352
Infrastructure - Road transport		-	-	-	1 200	1 341	-	2 150	2 253	2 386
<i>Roads, Pavements &amp; Bridges</i>					1 200	1 341		2 150	2 253	2 386
<i>Storm water</i>										
Infrastructure - Electricity		-	-	-	1 226	721	-	721	755	800
<i>Street Lighting</i>					1 226	721		721	755	800
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
<i>Reticulation</i>										
<i>Sewerage purification</i>										
Infrastructure - Other		-	-	-	250	1 500	-	150	157	166
<i>Waste Management</i>					250	1 500		150	157	166
<b>Community</b>		-	-	-	131	70	-	-	-	-
Security and policing						70				
Cemeteries					131	-				
<b>Heritage assets</b>		-	-	-	-	-	-	-	-	-
Buildings										
Other	9									
<b>Investment properties</b>		-	-	-	-	-	-	-	-	-
Housing development										
Other										
<b>Other assets</b>		-	-	-	2 340	1 303	-	1 557	1 632	1 751
General vehicles					400	643		527	553	608
Specialised vehicles	10	-	-	-	-	-	-	-	-	-
Plant & equipment					610	579		414	434	460
Computers - hardware/equipment					60	-				
Other Buildings					1 200	81		515	540	572
Other					70	-		100	105	111



<u>Agricultural assets</u>		-	-	-	-	-	-	-	-	-
<u>Biological assets</u>		-	-	-	-	-	-	-	-	-
<u>Intangibles</u>		-	-	-	-	65	-	-	-	-
Computers - software & programming						65				
Other (list sub-class)										
Total Repairs and Maintenance Expenditure	1	-	-	-	5 147	4 999	-	4 577	4 798	5 103

<u>Specialised vehicles</u>		-	-	-	-	-	-	-	-	-
R&M as a % of PPE		0.0%	0.0%	0.0%	2.8%	3.0%	0.0%	2.4%	2.4%	2.4%
R&M as % Operating Expenditure		0.0%	0.0%	0.0%	3.5%	2.7%	0.0%	2.2%	2.2%	2.3%

## **CHAPTER 15** **CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS**

There are no contracts with future budgetary implications

Please refer to Schedule SA33

## **CHAPTER 16** **LEGISLATIVE COMPLIANCE**

The Municipal Finance Management Act brought about uniformity, accountability and control measures to local government in terms of financial reporting and budgeting. The Act required a high level of transformation financial disciplines and planning.

New budget regulations were published in Gazette nr. 32141 on 17 April 2009. The object of these regulations is to secure sound and sustainable management of the budgeting and reporting practices of municipalities by establishing uniform norms and standards and other requirements for ensuring transparency, accountability and appropriate lines of responsibility in the budgeting and reporting process. The 2015/2016 budgets for all municipalities needs to comply with these regulations.

### *Challenges experienced:*

Although the financial system has the capabilities of generating the budget schedules, problems were experienced with regards to the accuracy of the information generated. Not all staff in the BTO has been trained on the reporting module of the financial system.

The MFMA regulates monthly and quarterly reports to be submitted to National Treasury. A significant improvement was noted during the 2015/16 financial year with regards to the submission of S71 reports.

**CHAPTER 17**

**BUDGET – DETAILS PER DEPARTMENT**

Please refer to schedule SA2 for details

## **ANNEXURES**

Annexure A – Tariff listing

WITHOUT VAT		Old Tariff	Increase	Old Tariff	Increase	New Tariff Vat Excluded
1	REFUSE REMOVAL CHARGES	2013/2014		2014/2015		2015/2016
1.1	<i>Government</i>					
(a)	Each property shall be charged a basic service charge per month.	126.39	0%	R 126.39	60%	R 202.22
(b)	<i>Hospitals</i>	183.60	0%	R 183.60		R 293.76
1.2	<i>Domestic Removals</i>					
(a)	Every owner or occupier of premises from which refuse is removed twice weekly shall pay the Council a fee per month.	R 30.12	0%	R 30.12	60%	R 48.19
1.3	<i>Commercial Removals</i>					
(a)	Each individual/separate business shall be charged a basic service charge per month.	R 126.39	0%	R 126.39	237%	R 300.00
1.4	<i>Availability Charge</i>					
	A availability fee , is charged to any vacant commercial erven located in the town areas of Tsolo and Qumbu	0	0	R 0.00	100%	R 120.00
<b>3 POUND FEES</b>						
	Pound Fees					
	Description of animal					
	Donkeys, Horses, Cattle, per head per day			R 70.00	0%	R 70.00
	Pigs			R 300.00	0%	R 300.00
	Sheep and Goats, per head per day			R 50.00	0%	R 50.00

**REVISED PERSONNEL BUDGET 2015/2016 IN LINE WITH REVISED ORGANOGRAM**

<b>3 CEMETERY CHARGES</b>						
The following fees shall be payable to the Council in respect of burials and other services in the public cemetery.						
3.2	<i>Burial Fees</i>					
(a)	Adult - single			R 500.00	6.2%	R 530.00
	Adult - double			R 850.00	6.2%	R 902.70
(b)	Child					R 250.00
3.3	<i>Miscellaneous Charges</i>					
(a)	Exhumation of body					R 3 000.00
(b)	Widening or deepening of grave					R 250.00
(c)	Permit to erect a memorial					R 700.00
3.4	Fees for non-residents of the municipal area shall be the prescribed fees in (6.1) and (6.2) above, <b>plus 50%</b>					
3.5	After hours burial request as in (6.1) <b>plus 100%</b>					R 1 500.00
	At least 16 working hours notice must be given of a burial					
<b>4 PUBLIC HALLS TARIFF</b>						
4.1	<i>Comm</i>					
(a)	Main hall and kitchen per 12 hour period per day.					
	Church Function			R 300.00	6.2%	R 318.60
	Wedding Function			R 1 500.00	6.2%	R 1 593.00
	Business Function			R 1 500.00	6.2%	R 1 593.00

4.2	Where the hall is hired there shall first be deposited with the Chief Financial Officer the following amounts which amounts shall be refunded when the premises is handed over in satisfactory condition.					R 1 000.00
<b>5 MISCELLANEOUS SERVICES</b>						
5.1	<i>Sundry Charges</i> Search Fees					
(a)	Other than from the Minutes of proceedings of the Council, for any document or information required dated back:			R 28.00	6.2	R 29.74
5.2	Copy of valuation roll					
5.3	Copy of voters roll (per ward)					
5.4	Rates clearance certificates as laid down in Section 175(2) of Ordinance No. 25 of 1974			R 28.50	6%	R 30.27
5.11	<i>Rezoning applications</i>  Fees payable shall not exceed the following maximum amounts:					
(a)	Areas of land being rezoned Area of land to be rezoned 0-2500m2			R 1 500.00	6%	R 1 590.00
5.12	Vehicle pound fees on all impounded vehicles per vehicle per day <b>plus tow-in costs</b> Impounded vehicles not released within 90 (ninety) days will be sold.			R 2 250.00		
<b>6 BUSINESS LICENSES</b>						
6.1	Food Vendors in caravans & carts or similar vessel					R 300.00
6.2	General Dealers			1000		R 1 000.00
6.3	Supermarkets, Wholesalers & Butcheries			1000	200	R 1 200.00
6.4	Restaurants, B&B's, Hotels, Guest Houses, Lodges			1000		R 1 000.00
6.5	Spaza Shops					R 300.00
6.6	Funeral Parlours					R 1 000.00
6.7	Hawker License: Trucks & Bakkies					R 200.00

**REVISED PERSONNEL BUDGET 2015/2016 IN LINE WITH REVISED ORGANOGRAM**

6.8	Hawker License: Street Vendors			80		R 80.00
6.9	Hawker License: (Special Application – Events)					R 100.00
6.1	Clothing Shops			100	200	R 300.00
6.11	Hardware					R 1 000.00
6.12	Garages					R 1 000.00
6.13	Livestock Sales					R 500.00
6.14	Car wash					R 300.00
6.15	Laundromat/Dry Cleaning					R 300.00
6.16	Financial Institution					R 2 000.00
6.17	Beauty Parlour: Hair Salons, Barber Shops etc					R 300.00
6.18	Furniture Shops			1000		R 1 000.00
6.19	Legal Practice			500		R 500.00
6.2	Surgeries			500		R 500.00
6.21	Transport Industry					R 200.00
6.22	Liquor: Bottle Stores, Taverns			1000		R 1 000.00
6.23	Book Shops			650		R 650.00
6.24	Brokers: Insurance, Estate agents etc			500		R 500.00
<b>8 ASSESMENT RATES</b>						
7.1	<u>Residential</u> First R30 000 discount 35% Rebate	0.006240	0%	0.006240	6%	0.00662688
7.2	<u>Vacant Land</u>					0
7.3	<u>Commercial</u> 10% Rebate	0.013758	0%	0.013758	6.2%	0.014610996
7.4	<u>Government</u>	0.0275159	0%	0.0275159	6.2%	0.029221886
7.5	<u>Farms</u> Apply for R30 000 residential discount.	0.0198642	0%	0.0198642	6.2%	0.02109578

<b>8</b>	<b>NATURE RESERVE</b>					
8.1	<b><u>Accommodation</u></b>					
	1 bed chalet per day			R 60.00	40%	R 100.00
	Camping fee					R 60.00
	non refundable application fee per board/sign (annually)			R 4 800.00		
	+ Approval fee per aplicant					R 150.00
9.1	<b><u>Ground Signs</u></b>					
	non refundable application fee per board/sign (annually)					
	+ Approval fee per aplicant					R 300.00
9.2	<b><u>Wall Sign - Flat</u></b>					
	non refundable application fee per board/sign (annually)					R 50.00





REVISED PERSONNEL BUDGET 2015/2016 IN LINE WITH REVISED ORGANOGRAM



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Designation	Task grade	Current Salary	New Salary incl notch increases where applicable	Annual Bonus	Council Contribution				Other Cost								Total Package	Cell & 3G	Total Cost
					Pension	Medical	Group life	UI F	Transport	Overtime	Housing	Long Services	Industrial	Other Allow	Standby	Skills			



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